William T. Kinsella
Clyde G. Caldwell
William T. Dutton
Samuel R. Brown, Jr.
Albert Raborn
Lawrence H. Birthisel, Jr.
Robert W. Leeman
Robert A. Chandler
Wendell H. Froling
Heliodore A. Marcoux
George F. Davis
Wilbur H. Cheney, Jr.
Robert F. Sellars
George E. Artz
Hugh Q. Murray
James H. Ashley, Jr.
Charles H. Becker
Malcolm M. Champlin
James E. Owers
Nancy C. Corbin
Joseph S. Lewis
Leslie K. Taylor
William W. Stark, Jr.
George A. Hill, Jr.
James E. Johnson
Eugene W. Davis
Stuart Stephens
Allen W. Moore
Robert E. Bourke
Carl W. Schoenweiss
John H. Parker
George D. Hoffman
William A. Dean, Jr.
Charles D. Lewis
Frederick A. Gunn
Edward J. Mulquin
Thomas W. South, 2d
Donald E. Pugh
Gordon A. Griffin
Robert C. Bengston
Mark A. Grant
Malcolm C. Reeves
Craig R. Garth
James C. Bentley
Harold E. Cole
William N. Deragon
Carlyle Ingram
Thomas R. Hine
Raymond Payne
Richard S. Klunk
Clarence T. Doss, Jr.
Clayton S. Clark
Robert B. Crowell
Frank G. Marshall, Jr.
Willie M. Dickey
Frank C. Bolles, Jr.
Fletcher L. Sheffield, Jr.
George H. Wigfall
Harold W. Campbell, Jr.
Francis E. Fleck, Jr.
John W. Geist
Richard S. Stuart
William A. Stevenson
Edwin K. Jones
Charles M. Bertholf
Claude F. Bailey
Gorman C. Merrick
Herbert F. Carroll, Jr.
Joseph W. Stivers
John C. Martin
Douglas L. L. Cordiner
Alan L. Ingling
George F. Stanish
Lester J. Stone
Isaiah M. Hampton
Albert P. Coffin
Archibald Stone, Jr.
Charles C. Coley
Robert M. Milner
Gordon P. Chung-Hoon
Charles R. Ware
James E. Vose, Jr.
Russell B. Allen
Edward H. Worthington
Charles B. Farwell
Dewey G. Johnston
Denis H. Biwerse
Hobart Key, Jr.
Sidney D. B. Merrill
Robert M. Lee
Charles E. Thurston, Jr.
John L. Foster
Ward J. Peterson
Thomas H. DuBois

MARINE CORPS

The following-named midshipmen to be second lieutenants in the Marine Corps, revocable for 2 years, from the 31st day of May 1934:

Victor H. Krulak
Arthur J. J. Hagel
John E. Weber
Floyd B. Parks
Lehman H. Kleppinger

CONFIRMATIONS

Executive nominations confirmed by the Senate May 30 (legislative day of May 28), 1934

POSTMASTERS

ALABAMA

Craig Smith Robbins, Selma.

ALASKA

Emil O. Bergman, Fort Yukon.

CALIFORNIA

Carl W. Brenner, Buena Park.
Frances L. Williams, Fall Brook.
Percy H. Millberry, Lakeport.
Phillip J. Dougherty, Monterey.
Harold B. Lull, South Gate.
Charles E. Conner, Torrance.
Roy Bucknell, Upper Lake.

INDIANA

Grover C. Rainbolt, Corydon.
Oscar J. Sauerman, Crown Point.
William W. McCleary, Elberfeld.
Henry M. Mayer, Evansville.
William L. Eastin, Ewing.
Chester Wagoner, Flora.
Joseph E. Mellon, Hobart.
Walter E. Wehmeyer, Kendallville.
Edwin W. Hanley, Michigan City.
William S. Darneal, New Albany.
Gordon B. Olvey, Noblesville.
William N. Burns, Otterbein.
Charles O. Hall, Sullivan.
Henry Backes, Washington.
Bessie D. Perkins, Whiteland.
Oscar M. Shively, Yorktown.

MASSACHUSETTS

John E. Mansfield, Bedford.
William F. Leonard, Nantasket Beach.
James B. Logan, North Wilbraham.
Harvey E. Lenon, Swansea.
Benjamin R. Gifford, Woods Hole.

MISSOURI

Lelia F. Hughes, Adrian.
Owen W. Anglum, Ash Grove.
Richard W. Marsden, De Soto.
Anvil A. Lewis, Eminence.
William H. Titus, Excelsior Springs.
Robert R. Kier, Grant City.
Fred E. Ream, Green Ridge.
Harrison S. Welch, Higbee.
Fred J. Yeomans, Hopkins.
Eugene J. Echterling Parnell.
Ernest C. Buehler, South St. Joseph.
John H. Dickbrader, Washington.

NEW JERSEY

Leslie B. Vail, Hamburg.
Augustus J. Hans, Netcong.
Edward J. Lennon, Stone Harbor.
Clarence Smith, Woodstown.

WISCONSIN

Theodore E. Wozniak, Athens.
Alex G. Mohr, Cambria.
Marie Gunn Dunham, Cumberland.
Harry R. Olson, Grantsburg.
May K. Powers, Lake Geneva.
Martin J. Bachhuber, Mayville.
Gaylord T. Thompson, Mercer.
Emil L. Silverness, Mondovi.
Axel L. Olson, Mountain.
Albert T. Zieman, Randolph.
Adelbert O. Randall, Rosendale.
John P. Stier, Sussex.
Alfred H. Hadler, Thiensville.
Elmer A. Peterson, Walworth.
John T. O'Sullivan, Washburn.
Winfield J. Kyes, White Lake.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 30, 1934

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, we pause in Thy presence with grateful testimony for Thy loving providence, which is a river of blessing flowing from under Thy throne. We beseech Thee to let this stream of cleansing purify, enlighten, and idealize our national life. Do Thou appeal to that instinct of recovery, to that temper of hope which Thou hast established in every human breast. This day of memory, blessed Lord, may it be one of consecration to the United States of the Republic. Draw every section of our land toward a more complete knowledge of righteousness, fraternity, and brotherhood. Graciously be with our President and with every citizen of every station. Blessed Lord, may our institions not fail through our misuse of them, and because of our sins against God and man. O God, let this truth be emphasized: There is no wrong that may not be righted and no industrial strife that cannot be solved by free obedience to our Christian institutions. O do Thou lift our people higher and higher into that sweeter and purer air where peace and tranquillity dwell, and where fret and fever pass away. A heavy hand has been laid upon us in the removal of another distinguished Member of our congressional family. Comfort the family in that love which encircles us all. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

RELIEF FOR DISBURSING OFFICERS OF THE ARMY

Mr. HILL of Alabama. Mr. Speaker, by direction of the Committee on Military Affairs, I ask unanimous consent to file a supplementary report on the bill (S. 2046) to provide relief for disbursing officers of the Army in certain cases.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

SILVER PURCHASE

Mr. BANKHEAD. Mr. Speaker, I call up House Resolution 401 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9745, a bill to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes, and all points of order against said bill are hereby waived. That, after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. LAMNECK. Mr. Speaker, a point of order. I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count.

Mr. BYRNS. I hope the gentleman from Ohio will withdraw that. We will lose all the advantage we gained by meeting at 11 o'clock. We will just have to remain here that much longer tonight.

Mr. LAMNECK. I do not care if we stay here 2 weeks. I want all the Members to be present and see us continue the depression for another 10 years.

Mr. BYRNS. I have asked the telephone clerk to call the Members, and they are coming in as rapidly as they can.

Mr. LAMNECK. I insist upon the point of order, Mr. Speaker.

The SPEAKER. Evidently there is not a quorum present.

CALL OF THE HOUSE

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 151]

Abernethy	Boylan	Carter, Calif.	Cole
Allgood	Brennan	Carter, Wyo.	Colmer
Andrew, Mass.	Britten	Cary	Connery
Andrews, N.Y.	Browning	Celler	Crowther
Auf der Heide	Bulwinkle	Chapman	Crump
Bailey	Burch	Chase	Darden
Beck	Burke, Calif.	Church	Dear
Berlin	Burnham	Claiborne	Delaney
Biermann	Busby	Clark, N.C.	De Priest
Black	Carley, N.Y.	Cochran, Pa.	Dingell
Boland	Carmichael	Coffin	Doutrich
Drewry	Hughes	Marland	Smith, W.Va.
Eagle	James	Martin, Mass.	Snyder
Eaton	Jeffers	Mead	Stalker
Edmiston	Jenkins, Ohio	Millard	Steagall
Edmonds	Kelly, Ill.	Moynihan, Ill.	Stokes
Eicher	Kelly, Pa.	Muldowney	Strong, Pa.
Englebright	Kennedy, Md.	Musselwhite	Sullivan
Evans	Kenney	Norton	Sumners, Tex.
Fitzgibbons	Kinzer	O'Brien	Sutphin
Focht	Kniffin	O'Connell	Taylor, Colo.
Foulkes	Kocialkowski	Palmisano	Thomas
Frear	Kurtz	Peterson	Thompson, Tex.
Frey	Kvale	Pettengill	Thurston
Fulmer	Lambeth	Polk	Turpin
Gambrill	Lanzetta	Randolph	Vinson, Ga.
Gasque	Lea, Calif.	Rayburn	Wadsworth
Gillette	Lehlbach	Reece	Waldron
Goldsborough	Lemke	Rich	Weaver
Green	Lesinski	Rogers, Mass.	Weideman
Greenway	Lewis, Md.	Rogers, Okla.	Wilcox
Haines	Lloyd	Sadowski	Willford
Hamilton	McCarthy	Sears	Withrow
Hancock, N.Y.	McCormack	Secrest	Wolfenden
Hancock, N.C.	McDuffie	Seger	Wood, Ga.
Harter	McGrath	Shannon	Woodrum
Hartley	McLeod	Shoemaker	Zioncheck
Higgins	Maloney, Conn.	Simpson	
Hoeppel	Maloney, La.	Sisson	

The SPEAKER. Two hundred and seventy-five Members are present, a quorum.

Mr. BYRNS. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

MEETING OF COMMITTEE ON INDIAN AFFAIRS

Mr. HOWARD. Mr. Speaker, by direction of the Committee on Indian Affairs, I ask unanimous consent that the committee may be privileged to sit during the sessions of the House for the next week.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

MEETING OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. BYRNS. Mr. Speaker, the members of the Committee on Interstate and Foreign Commerce are now in session in their committee room in the House Office Building, considering the oil bill. I therefore ask unanimous consent that they be excused from this roll call.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL—1935

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that the conferees on the District of Columbia appropriation bill may have until 12 o'clock tonight to file a conference report on the District of Columbia appropriation bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SILVER PURCHASE ACT

Mr. BANKHEAD. Mr. Speaker, I desire to state that the rule as presented provides for only 2 hours of general debate on this bill; but we had an understanding that in the event the House were permitted to meet at 11 o'clock the general debate would be for 3 hours. At the appropriate time, before the adoption of the resolution, I will offer an amendment making the period of general debate 3 hours instead of 2 hours.

I am not going to discuss this rule or undertake to discuss the bill. The main purpose, of course, of a resolution of this sort is to put the bill on its way for consideration. There will be a wide controversy, I imagine, with reference to the terms of this bill, which will be taken care of by the gentlemen on the committee and others who may not be on the committee.

With that preliminary statement, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY] on the rule.

I now yield 5 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Speaker, some time ago the President of the United States made a proclamation with reference to silver. I remember the distinguished Speaker of this

House said it was only a bite at the cherry. I think this bill is a bite at a lemon. I am against this bill, and I am against this rule. It is a gag rule, and if this House adopts this rule it will confirm what I have had a suspicion of ever since I have been in Congress, and that is that representative Government in America is dead.

Mr. BANKHEAD. Will the gentleman yield? I yielded to the gentleman at his request, and I knew his opinion about this matter; but will the gentleman kindly point out how this is in any sense a gag rule?

Mr. FIESINGER. We are attempting under this rule to discuss a question that is little known, that is hazy in the minds of practically all the Members of this House, including myself. We are given 3 hours to debate a question that seriously affects and vitally contacts every man, woman, and child, present and future, not only in the United States but everywhere in the world.

The rule gives but 3 hours to discuss such a proposition, and in this limited time the Members of the House who have given the most study to the subject will hardly be able to speak on it at all. A matter of such importance and such far-reaching effect, if we are not operating under a gag rule, will give some time to the discussion of each and every important section of this bill. And if a debate so limited is not gag rule, then I do not know what a gag rule is.

I will also say that I have had but a limited time in which to study this bill, as have the rest of you; entirely too limited a time. I have, however, made a study of the questions involved in this important and far-reaching problem for over two years and a half, a most intensive study; but I do not know what the full implications of this bill are. I can see secret pitfalls in it. And I can see a surrender of principles in the power it conveys that our forefathers struggled to bequeath to us. And I see in it also the first step in a long road of grief and error. They say it is the best that we can do. That is the excuse that I have heard from Members of the other body and from Members of this body. If we are going to rest legislation upon that principle, if we cannot in this body take a few days or a week, if necessary, to enact legislation of such importance, then I say that we are gagged and that representative government in America is dead.

The bill we are about to consider absolutely disregards all the historical lessons with reference to money that we have learned in our past experience, and it ignores what we have learned with reference to monetary legislation in this country since the beginning of our history.

There is no philosophy back of it, no monetary principle enters into this bill which defends us from the methods of exploitation, which our studies of this subject in the Coinage Committee have clearly shown to call for defense. And I know we can have the defense we need if we will recognize the need for it. This bill was drawn in the Treasury Department—by whom we do not know; I do not know and you do not know—and I dare say the authorship of the bill will not be revealed upon this floor today. It was written in the Treasury Department; it was introduced in the House, and referred to the Committee on Ways and Means. From that on all that I know is what I have read about it in the newspapers. I was not notified of the meeting of that committee; I was not invited to appear before it. They had one witness before that committee outside of possibly those men in the Treasury, and I do not know who those men are, or if they have ever studied this subject from this angle of approach, I speak of, namely to defend our people from these depressions.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. DOUGHTON. I should like to know the source of the gentleman's information that there was only one witness.

Mr. FIESINGER. I did not say only one witness. I said so far as I read from the newspapers there was only one witness from the Congress of the United States, but that there were witnesses who came from the Treasury Department.

Mr. DOUGHTON. That is a new statement.

Mr. FIESINGER. Not at all; and the RECORD will bear me out.

I cannot have time to discuss this bill, but I am telling you this is the most far-reaching legislation that this Congress will ever vote upon. [Applause.]

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield 15 minutes to the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. SAMUEL B. HILL. Mr. Speaker, since the duty has been assigned to me to explain this bill I am not going to take up any time in a preliminary statement but shall get to the point as directly as possible and discuss the matter as briefly as I can in order to complete in 15 minutes a statement covering the bill.

Of course, this is not a gag rule. The rule under which this bill is to be considered gives just as much privilege to the Members of the House to offer amendments germane to the subject matter of the bill, and to discuss the bill under the 5-minute rule as if no rule had been reported. Nor is this bill one which grants additional powers insofar as the Government is concerned in the matter of the purchase of silver and the issuance of currency on silver so purchased as a monetary base. It does prescribe an additional method by which powers already existing in the executive department may be exercised in the matter of the purchase of silver, the issuance of silver coins and the issuance of silver certificates based upon silver reserves and redeemable in standard silver dollars.

Section 1 of the bill simply names the act and gives it a title.

Section 2 declares the policy of the Congress relative to the proportion of silver and gold as the metallic bases in our monetary stocks, and is mandatory, requiring the Treasury Department to maintain as a policy a proportion of 25 percent of silver in relationship to the entire monetary metallic stock. That will be 25 percent silver and 75 percent gold. That is the declared policy under the bill, which is mandatory and makes it the duty of the Secretary of the Treasury to purchase or to sell as the necessities may require, silver in order to maintain that proportion of 25 to 75 as between silver and gold as the metallic bases.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield for a brief question.

Mr. PARSONS. Why was it necessary to establish three prices for silver in the bill? In one instance the price is fixed at 50 cents an ounce at the present time; the price on newly mined silver is fixed at 64½ cents an ounce; and there is a third price-fixing section which would allow the Secretary of the Treasury to pay still a different price. Will the gentleman not explain this feature of the bill?

Mr. SAMUEL B. HILL. I will reach those points as I proceed.

Section 3 authorizes the Secretary of the Treasury to purchase silver at home or abroad for present or future delivery with silver certificates or any other kind of currency or coin of the United States, or with direct obligations of the Government, in order to bring this proportion of 25 to 75 in proper adjustment under the mandatory provision of section 2.

In section 3 it is also provided that no purchase of silver situated in the continental United States on May 1, 1934, shall be made hereunder at a price in excess of 50 cents a fine ounce. This is a temporary provision. It is temporary in the sense that when all silver stocks which were available May 1, 1934, have been purchased or brought into the vaults of the Treasury, the 50-cent limitation will no longer apply. Anticipating silver legislation there has been a certain amount of speculation in silver purchases. Speculators have bought silver at a low price and are holding it for an increased price awaiting the time when legislation such as this may be passed, thereby enhancing the market price of silver and yielding a handsome profit, a speculative profit, to the dealers in silver.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. KELLER. How much silver was there in the continental United States on May 1 of this year?

Mr. SAMUEL B. HILL. The figure is indefinite. The estimate is that there were between 150,000,000 and 250,000,000 ounces.

Mr. PARSONS. Mr. Speaker, will the gentleman yield further at this point?

Mr. SAMUEL B. HILL. I yield.

Mr. PARSONS. Does the gentleman mean to convey the thought that in nationalizing or commandeering this silver they are going to pay only 50 cents an ounce under section 3, on page 2, when section 7 of the bill, which proposes the nationalization of silver, mentions a fair price which is to be paid by the Secretary of the Treasury?

Mr. SAMUEL B. HILL. I told the gentleman previously that I would discuss this point when I got to it in my explanation of the bill.

Mr. PARSONS. I want to know why the gentleman believes that if we nationalize silver we will pay but 50 cents an ounce?

Mr. SAMUEL B. HILL. The reason for this proviso limiting the purchase price to 50 cents a fine ounce for silver available as of May 1 is for the simple reason that we do not care to make this legislation a vehicle for speculative profits to those who have purchased silver anticipating the legislation.

When these stocks are exhausted, by voluntary purchase or otherwise, the 50-cent limitation will have no further application. You must bear in mind in connection with this section and this provision that the proclamation of the President under which the Treasury is buying at this time the newly mined silver in the United States and paying 64½ cents an ounce for it is still in force. We are not disturbing that at all, and it does not come under this particular provision, but stands out as a continuing authority under the proclamation issued by the President under the legislation passed in the early part of this session.

Mr. SABATH. This only applies to silver which is now held by speculators?

Mr. SAMUEL B. HILL. That is all. It reaches the speculators. I might as well at this time go to section 7 and the particular point which the gentleman from Illinois raised.

The Government will buy this silver through voluntary contracts if possible; but if an individual in the United States has a stock of silver and does not want to sell it and will not voluntarily agree to sell it, then the Government has the power under section 7 to commandeer that silver. That is, to order it into the mint, exercising the power of eminent domain, and acquiring the silver against the will of the owner. Under this exercise of the power of eminent domain we must pay the fair market price for it. It is simply a question of constitutional requirement. You may contract voluntarily at any price you may agree upon; but if the Government in the exercise of its sovereign power says, "You must bring your silver into the mint", then the Government under the constitutional requirement must pay for this property, under the due-process and just-compensation clauses, the fair market value of the commodity so commandeered.

Mr. VINSON of Kentucky. And may I say that if the fair market value as ascertained by the Secretary of the Treasury does not meet the mind of the parties who own the silver, the owners of said silver will have their day in United States Court of Claims to ascertain what the fair market value of the silver is.

Mr. SAMUEL B. HILL. The gentleman from Kentucky is correct.

Mr. SNELL. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from New York.

Mr. SNELL. When the Government marked up the value of gold, it took the position that all of that appreciation belonged to the people of the country—the Government, in fact. Why should they not do the same thing with silver? If they mark up the price of silver, why should not the Government itself get the benefit of this increase in price?

Mr. SAMUEL B. HILL. I am sure the gentleman from New York will recognize the difference between the value of gold and silver; that is, the monetary value of each with relation to the market value of each. The monetary value of gold is the same as the market value of gold. The monetary value of silver is not the same as the market value of silver.

Mr. SNELL. Right there, what is the difference?

Mr. VINSON of Kentucky. May I say you have mandatory provisions here; then you have the permissive powers. The mandatory provision is to issue silver certificates equal to the market value the Government paid for the silver. The permissive power granted here will permit the issuance of currency as against the difference between the market value of the silver and its statutory value, or $1.29 an ounce. In other words, such difference is kept as a reserve against which other currency may issue.

Mr. SNELL. Who gets the benefit?

Mr. VINSON of Kentucky. As a reserve you may have additional currency issued against it. Of course, the Treasury and the people of the United States get the benefit. The difference between the market value and the statutory value is a benefit to our country regardless of the bookkeeping arrangement in the Treasury.

Mr. SAMUEL B. HILL. Mr. Speaker, I cannot yield further.

These matters will be discussed by other Members. I must hurry through if I am to refer to all the provisions of the bill.

Section 4 authorizes the Secretary of the Treasury to sell silver when it is necessary to maintain the proportion between the silver and the gold stocks. That is, if the silver stocks become greater than 25 percent of the entire monetary stock and also if the market value of silver exceeds $1.29 per fine ounce.

Section 5 provides that you cannot, through this authority to sell, reduce the silver stocks in the vaults of the Treasury below the point where the monetary value of these silver stocks is less than the face value of the silver certificates outstanding.

Mr. KELLER. What is meant by "monetary value"?

Mr. SAMUEL B. HILL. That is $1.29 an ounce.

Section 6 confers the powers that are necessary in order to enable the Government in the exercise of its sovereign right under the Constitution to coin and regulate the value of money. It puts such powers within the control of the Executive that he may, if conditions require, prohibit or regulate the importation or the exportation of silver. He may regulate or prohibit the acquisition of silver. He may regulate or prohibit the transportation of silver. In other words, he can absolutely freeze the commerce in silver if the necessities of the case require, but the necessities of the case must be such as will be necessary to effectuate the policies of this act.

Mr. CULKIN. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield for a short question.

Mr. CULKIN. May I inquire from the gentleman or someone in charge of the bill what the effect of this measure, particularly section 6, will be upon stocks of silver held for industrial purposes?

Mr. SAMUEL B. HILL. It has no effect at all.

Mr. CULKIN. Is there any such provision in the bill?

Mr. SAMUEL B. HILL. It is excluded because under the provisions of the bill it is not included.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. SAMUEL B. HILL. Mr. Speaker, I shall have to refuse to yield further. I have discussed section 7 as fully as I can in the limited time I have.

Section 8 is the taxing provision of the bill and applies to the profits on silver stocks held speculatively. It does not apply to the provisions of section 7, where the Government takes the silver under the power of eminent domain. Nor does it apply to newly mined silver now being purchased under the proclamation of the President. It applies where the Government, by voluntary contract with the owner, buys silver at a price in advance of the cost to the owner of the silver and takes 50 percent of the profit. This is a stamp tax and has the same provisions for administration as are now in the revenue laws for the collection of other stamp taxes. It provides against increasing the base price of the owner of the silver through manipulations known as "wash sales", by fixing a date 30 days or more before the effective date of the act, namely, April 30, behind which speculators in silver may not, in anticipation of this character of legislation, through these so-called "wash sales", raise the cost base and thereby lower the margin of profit for tax purposes.

Mr. COOPER of Tennessee. The date is April 15 instead of April 30.

Mr. SAMUEL B. HILL. Yes; April 15 instead of April 30. Now, Mr. Speaker, the remainder of the bill deals largely with definitions, which I shall not take the time to discuss, but I want to say just one word in the nature of a general statement.

This bill does not add to the powers already in the President as to the purchase of silver and the issuance of silver certificates. It simply declares as a mandatory policy that the proportion between silver and gold in the monetary stocks shall be as 25 to 75.

Under the Thomas amendment to the Farm Credit Act, the President has unlimited power to buy silver and issue silver coin and silver certificates therefor. He has the power, under the Thomas amendment, to go to an absolutely free and unlimited coinage of silver. This bill does not go that far, yet it does raise the proportion existing at the present time as between the silver money stocks and the total money stocks from about 10.5 percent to 25 percent.

Mr. KELLER. Mr. Speaker, will the gentleman answer a question?

Mr. SAMUEL B. HILL. I yield.

Mr. KELLER. Did I get the idea that the President at the present time can put silver and gold on a 50-50 basis if he wants to?

Mr. SAMUEL B. HILL. Absolutely.

Mr. KELLER. Why should we change that power?

Mr. SAMUEL B. HILL. We make it mandatory that he must bring it up to 25 and 75.

Mr. KELLER. Under this bill he cannot go beyond that?

Mr. SAMUEL B. HILL. He cannot go beyond that; no.

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, I think the Membership of the House should realize the predicament in which the individual members of the Ways and Means Committee find themselves.

In the first place, it has not been customary for the Ways and Means Committee to consider legislation of this character. The only reason this bill comes to the Ways and Means Committee for consideration is because of the tax feature of the bill. I think I am well within my rights and that I am not reflecting on any individual member of the Ways and Means Committee when I say that the members have not had occasion to specialize in legislation dealing with money. We have usually confined our activities to the matter of taxation. So it is with some hesitation that I come before the House to discuss this question; but I have been impressed by the fact, as most of you have been, that our Government has been purchasing silver at the rate of about 24,421,410 ounces a year. President Roosevelt has this authority and has exercised it.

It is rather significant that during the time this Government has been purchasing silver we have been selling our gold abroad. If you will look at this bill—and I call your attention to section 3—you will see that the Secretary of the Treasury is authorized and directed to purchase silver at home or abroad.

The gold has been taken away from the people of this country and the profit is supposed to have accrued to the people of this country, and a distinguished Member from New York [Mr. SNELL] has raised the question of why the silver should not be taken over and all the profits eliminated.

Another very significant fact which I wish to call to the attention of the House is the long list of speculators who have been acquiring silver.

You will find about 50 closely printed pages of the hearings giving the names of the individuals and firms who have been buying silver. There is no question but that the persons and firms shown in this list realized that this legislation would eventually come before the Congress and would be passed, and they felt they were taking no chances whatever in accumulating a large amount of silver for speculative purposes.

If you will examine this bill a little further you will begin to see the handwriting on the wall. You will find that in order to throw up a smoke screen, on page 7, line 20, it is provided:

> (1) With respect to all transfers of any interest in silver bullion after the enactment of the Silver Purchase Act of 1934, and (2) with respect to all transfers of any interest in silver bullion on or after May 15, 1934, and prior to the enactment of the Silver Purchase Act of 1934, except that in such cases it shall be paid by the transferor in such manner and at such time as the Commissioner, with the approval of the Secretary of the Treasury, may by regulations prescribe, and the requirement of a memorandum of such transfer shall not apply.

That is, the tax is supposed to have been made retroactive, leading people to believe that the speculators would have to pay the tax, but you will notice in section 12 it says:

> If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

This retroactive provision holds no terrors for speculators in silver. They have the best lawyers money can hire. They know very well from the decisions of the courts that a retroactive tax is unconstitutional. The distinction between a retroactive tax as upheld in the income tax law and the retroactive tax in this bill has been made clear by Supreme Court decisions. They are going to escape the tax; they are going to realize their profit.

This bill, like all silver bills coming before Congress, is simply a speculators' bill, and the people will have to pay the price of embarking on this insane piece of silver legislation.

Mr. TREADWAY. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. TREADWAY. Does the gentleman intend to call attention to the individuals in the list that he speaks of?

Mr. REED of New York. No; I am going to leave that to some other person.

Mr. TREADWAY. It is evident that they are in it for profit.

Mr. REED of New York. There is no question about that. Now, I want to call the attention of the House to a message sent to a special session of Congress called by President Cleveland, dealing with the silver question. This was August 8, 1893. Here is one paragraph:

> Our unfortunate financial plight is not the result of untoward events nor of conditions related to our natural resources, nor is it traceable to any of the afflictions which frequently check national growth and prosperity. With plenteous crops, with abundant promise of remunerative production and manufacture, with unusual invitations to safe investment, and with satisfactory assurance to business enterprise, suddenly financial distrust and fear have sprung up on every side. Numerous moneyed institutions have suspended because abundant assets were not immediately available to meet the demands of frightened depositors. Surviving corporations and individuals are content to keep in hand the money they are usually anxious to loan, and those engaged in legitimate business are surprised to find that the securities they offer for loans, though heretofore satisfactory, are no longer accepted. Values supposed to be fixed are fast becoming conjectural, and loss and failure have invaded every branch of business.

Then further on he says:

> Undoubtedly the monthly purchases by the Government of 4,500,000 ounces of silver, enforced under that statute, were regarded by those interested in silver production as a certain guaranty of its increase in price. The result, however, has been entirely different, for immediately following a spasmodic and slight rise, the price of silver began to fall after the passage of the act, and has since reached the lowest point ever known. This disappointing result has led to renewed and persistent efforts in the direction of free-silver coinage.

Then he calls attention further:

If, as many of its friends claim, silver ought to occupy a larger place in our currency and the currency of the world through general international cooperation and agreement, it is obvious that the United States will not be in a position to gain a hearing in favor of such an arrangement so long as we are willing to continue our attempt to accomplish the result single-handed.

I asked in the hearings if we were taking an initial step in an international agreement, and the answer was in the affirmative. We are taking this step and yet we have no assurance that other nations will enter into the agreement at all.

Then President Cleveland further says:

The knowledge in business circles among our own people that our Government cannot make its fiat equivalent to intrinsic value nor keep inferior money on a parity with superior money by its own independent efforts has resulted in such a lack of confidence at home in the stability of currency values that capital refuses its aid to new enterprises, while millions are actually withdrawn from the channels of trade and commerce to become idle and unproductive in the hands of timid owners. Foreign investors, equally alert, not only decline to purchase American securities, but make haste to sacrifice those which they already have.

Then further he says:

The people of the United States are entitled to a sound and stable currency and to money recognized as such on every exchange and in every market of the world. The Government has no right to injure them by financial experiments opposed to the policy and practice of other civilized states, nor is it justified in permitting an exaggerated and unreasonable reliance on our national strength and ability to jeopardize the soundness of the people's money.

This matter rises above the plane of party politics. It vitally concerns every business and calling and enters into every household in the land. There is one important aspect of the subject which especially should never be overlooked. At times like the present, when the evils of unsound finance threatens us, the speculator may anticipate a harvest gathered from the misfortune of others, the capitalist may protect himself by hoarding or may even find profit in the fluctuation of values; but the wage earner—the first to be injured by a depreciated currency and the last to receive the benefit of its correction—is practically defenseless. He relies for work upon the ventures of confident and contented capital. This failing him, his condition is without alleviation, for he can neither prey on the misfortunes of others nor hoard his labor. One of the greatest statesmen our country has known, speaking more than 50 years ago, when the derangement of the currency had caused commercial distress, said:

"The very man of all others who has the deepest interest in a sound currency and who suffers most by mischievous legislation in money matters is the man who earns his daily bread by his daily toil."

These words are as pertinent now as on the day they were uttered, and ought to impressively remind us that a failure in the discharge of our duty at this time must especially injure those of our countrymen who labor and who because of their number and condition are entitled to the most watchful care of their government.

Mr. KELLER. What is the date of that?

Mr. REED of New York. August 8, 1893. Quoting further:

Our country's indebtedness, whether owing by the Government or existing between individuals, has been contracted with reference to our present standard. To decree by act of Congress that these debts shall be payable in less valuable dollars than those within the contemplation and intention of the parties when contracted would operate to transfer by the fiat of law and without compensation an amount of property and a volume of rights and interests almost incalculable.

Every dollar of fixed and stable value has through the agency of confident credit an astonishing capacity of multiplying itself in financial work. Every unstable and fluctuating dollar fails as a basis of credit, and in its use begets gambling speculation and undermines the foundations of honest enterprise.

Mr. Speaker, I just want to impress upon Members here and now that we have been experimenting with the currency, and we know that unemployment today is largely caused by the fact that the industries engaged in the manufacture of durable goods cannot get any credit at all. Credit in this country is practically dried up. No matter how much credit is available, people do not dare use it. All the time that this unsound legislation is held up here before the people of the United States we are retarding recovery. Other nations are going forward. They have fortified their currencies by balancing their budgets. They are manufacturing and selling in the world's markets, but our people are living under a cloud of fear at the present time because of legislation of this character.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. FITZPATRICK. What countries have stabilized their currency recently?

Mr. RANSLEY. Mr. Speaker, I yield 15 minutes to the gentleman from Connecticut [Mr. BAKEWELL].

Mr. BAKEWELL. Mr. Speaker, I rise in opposition to this bill. Not long ago we put through the House a bill 60 pages long whose ostensible object was to regulate the stock exchanges, but whose concealed object was to regiment all industry. This was put through after a debate of 7 hours. The committee had been laboring for 7 weeks, and at the end of 7 weeks they could not understand the bill; they could not agree as to what the bill meant. The present bill is not quite so bad. It is 12 pages long instead of 60, but it also is involved with clauses within clauses, and sentences so intertwined that they are like the yews of Borrowdale, "upcoiling and inveterately convolved."

What does this bill mean? Does it compel the President to proceed with dispatch toward this goal that you have set? Not at all. It only sets as the ultimate objective the establishment of the ratio of 25 to 75 as between silver and gold. The original proposal called for the purchase of 50,000,000 ounces per month. This the President opposed, and it was taken from the bill. The ultimate objective cannot be obtained until we have, according to the figures given, 1,700,000,000 ounces, so that even if we purchased 50,000,000 ounces a month, it would require about 3 years to reach the objective at which this measure aims.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. BAKEWELL. I have not the time.

Mr. VINSON of Kentucky. But I do not think the gentleman wants to make a misstatement of fact. He says to this House that in the bill considered by the Ways and Means Committee there was provided the purchase of 50,000,000 ounces of silver per month.

Mr. BAKEWELL. I am speaking of the bill as reported to the Senate, and I am referring to the statement of the gentleman in the Senate who was its proponent, that that was the original proposal, and that the President disapproved of it, and that consequently it was made permissive instead of mandatory. Senator PITTMAN said:

The President yielded with regard to the mandatory provision about purchasing silver until he got 25 percent of the reserves, and we yielded on the point that he should not be required to purchase 50,000,000 ounces a month, or any other particular amount.

Mr. VINSON of Kentucky. But it was not in this bill.

Mr. BAKEWELL. I am talking about the original proposal, and I refuse to yield further.

Mr. VINSON of Kentucky. The gentleman is not correct in his statement.

Mr. BAKEWELL. I am correct in my statement that that was in the original bill.

So that this bill is again ambiguous in its purpose and in what it actually calls for. The President can take as much time as he pleases, and no one knows when, if ever, this objective may be reached. But suppose it were reached, who are to be the beneficiaries? It is put forward as an obvious purpose that this bill is intended to help the farmer. We are all interested in the farmer. The farmer's conflict with Wall Street goes way back in history, even unto the days of Cain and Abel. Now, Cain was a farmer; he earned his living by tilling the soil, working from dawn until dark, and by the sweat of his brow trying to wrest a living from a reluctant earth. As he looked up and saw brother Abel reclining under the cool shade of a cypress tree, idly watching his sheep, occasionally going out to fleece them, and once in a while leading a little lamb to the slaughter, he was angered against this precursor of Wall Street, and he rose up in his might and smote him, even unto death. Now, Cain had no intention of killing Abel. He just wanted to make him realize what the hard knocks of life meant, but he overdid it. You gentlemen who represent the farming interests of the West do not mean to kill Wall Street; but that may, unfortunately, be the result.

Many changes have come to the farming industry since the pioneer days of Cain. Increase in agricultural knowledge and the perfecting of the instruments of farming brought such improvement that by the time we reach the seventeenth and eighteenth centuries, especially in England and America, the farmer was as happy and contented as any man. It was on the farm, more than anywhere else, that were developed the homely virtues of honesty, thrift, industry, and self-reliance; it was on the farm that was established the principle that a man's home is his castle. The farm was, in fact, for the modern world the cradle of liberty. The sturdy men and women who made America were farm bred. The farmer's life was indeed hard, and he had to endure lean years, but such was his independence of spirit that he bore his burdens bravely and did not run as a beggar to the seat of government to ask for help. A new conception of the farm came with the development of the West, with its huge ranches devoted to the raising of a single crop. This was big business, although the product might be wheat instead of automobiles. Overproduction resulted, and here the trouble began which the various measures introduced in this Congress have attempted to alleviate. Our Eastern farmer, with his subsistence homestead, has not been helped in the least by any of these measures. I know, of course, that there are many farms in the West run on a subsistence basis, where the old values of independence and self-reliance are still cherished. But the owners of these farms are not the ones who are begging help of the Federal Government. They desire rather to be let alone and to work out their own salvation.

But, in truth, this bill will not help any of the farmers, big or little. It will prove as futile as the effort to raise the price of pork by slaughtering millions of pigs, or to raise the price of beef by slaughtering hundreds of thousands of cattle, or the effort to improve the condition of the farmers of the West and the planters of the South by bribing them to reduce their acreage.

As a matter of fact, what this bill really proposes, and the real motive behind it, is simply the desire to subsidize silver, to raise the value of silver, partly to help the silver-producing States, but also to help all these speculators and hoarders who have been accumulating silver. It will not help anyone else.

Mr. FIESINGER. Will the gentleman yield?

Mr. BAKEWELL. I yield.

Mr. FIESINGER. I should like to ask the gentleman's opinion if this bill really makes silver primary money or whether it still leaves it as token money?

Mr. BAKEWELL. I think it still leaves it as token money.

Mr. Speaker, we have on various occasions in our history tried, by legislation, to raise the value of silver. I want to read two or three words from a very wise Democrat, Grover Cleveland, who throughout the land is still held in honor as one of the great men of our country, although the gentlemen on the left side of the House today are inclined to criticize and condemn him as an instrument of Wall Street. It is a popular fashion nowadays, when in trouble, to seek some personal devil whom we can blame for our difficulties. So you gentlemen, many of you, have made a personal devil of Wall Street and have managed to conjure up a number of names of prominent men, most of which happen to begin with the letter "M", to swell the number of the devil's minions. Some of you are inclined to include this great Democrat among them. This is what President Cleveland wrote:

> At times like the present, when the evils of unsound finance threaten us, the speculator may anticipate a harvest gathered from the misfortune of others, the capitalist may protect himself by hoarding or may even find profit in the fluctuations of values; but the wage earner—the first to be injured by a depreciated currency and the last to receive the benefit of its correction—is practically defenseless. He relies for work upon the ventures of confident and contented capital. This failing him, his condition is without alleviation, for he can neither prey on the misfortunes of others nor hoard his labor.

Mr. FORD. Will the gentleman yield?

Mr. BAKEWELL. I yield.

Mr. FORD. We had that quotation about 5 minutes ago. Is the gentleman going to fill the RECORD with it?

Mr. BAKEWELL. I am repeating it deliberately. Apparently repetition is necessary, for his words of wisdom are so quickly forgotten by the men on the gentleman's side of the aisle.

Mr. FIESINGER. Will the gentleman yield for a question?

Mr. BAKEWELL. I yield.

Mr. FIESINGER. I have great respect for the gentleman's opinion. I understand the gentleman has been professor at Yale University. I want to ask this question: Does the gentleman not think this bill will get us into the same situation, if we go back to gold redemption, as happened during the time of President Cleveland?

Mr. BAKEWELL. Possibly; but I am not sure that I get the gentleman's meaning.

The purchase of silver at artificial prices will not help recovery, but will definitely retard it by further undermining the confidence of our people in the currency of our country. There will be no recovery, no sound recovery, until normal business functions, until normal business activities are allowed to thrive and prosper. One thing that is most essential to bring about this result is the restoration of confidence. Without that we cannot go forward. This bill will neither help the farmer nor the manufacturer nor the laboring man, nor will it further international commerce. The sole beneficiaries will be the speculators in silver, and the silver-producing States.

Mr. KELLER. Will the gentleman yield for a question?

Mr. BAKEWELL. I yield.

Mr. KELLER. The gentleman called attention again to the fact of the repeal of the silver law under Grover Cleveland. I should like to have the gentleman tell us whether that took us out of that great depression or not.

Mr. BAKEWELL. The repeal of the silver act did not immediately get us out but it started us on our way. If it had not been repealed, we should have remained in the depression much longer. We moved forward slowly but surely, much aided by the courageous and uncompromising attitude of President Cleveland. I could wish that our present President had been equally firm and unyielding in his opposition to silver legislation.

I yield back the balance of my time.

The SPEAKER. The gentleman yields back 3 minutes.

Mr. RANSLEY. Mr. Speaker, I yield to the gentleman from Illinois [Mr. DIRKSEN] the remainder of the time, 5 minutes.

Mr. DIRKSEN. Mr. Speaker, I suppose that most Members of the House will approach this question of silver in much the same attitude as I shall, namely, what it will do or not do for the country generally and particularly for the people in my district; and when I say people, I mean the farmers, the business men, and labor.

I do not pretend to know a great deal about silver. When experts, who have spent a lifetime of study on this matter, are in hopeless disagreement, it is quite natural that Members of Congress, who can make but a casual study of the problem, should also disagree on this or any other silver measure.

Certain it is that people are not so gullible about the fancied benefits of silver legislation as they were in 1896. The press and the radio have helped to dispel some of the delusions together with the enlarged understanding of the people. Back in 1896—the days of Populism—when Bryan's star was in the ascendancy, the father of 17 sons took his family for a visit with the Governor of a silver Western State. The Governor appraised the family and said, "Well, John, I suppose your fine family of sons are all good Populists and all for free silver."

"All except one", replied the father.

"Which one?" asked the Governor.

The father said, "That little runty feller there in the corner."

"And what's the matter with him?" asked the Governor.

"Waal", drawled the father, "That little critter has learned to read."

Now, without any reflection on the proponents of this or any other silver legislation, I may say that more people are opposed to silver as they learn to read more about its vagaries and its fancied remedial qualities.

I approach it, therefore, in a common-sense way, and I trust that my vote on this measure may be dictated by sincere convictions, founded on substantial reasons.

I voted for the original Dies bill, which sought outlet for our farm products by authorizing the acceptance of silver in payment therefor, even though we had to accept the silver at a premium over the world price of silver. We at least got the benefit of the sale before we could have an inflation. In the present bill, which Mr. DIES has introduced, we get inflation first, and the illusory hope that we might get some world business afterward.

The bill seeks to fix a ratio of one to three for silver, and to effect that ratio authorizes the Treasury to buy silver at reasonable prices, but not to exceed 50 cents an ounce for domestic silver and not to exceed the monetary price for any other. The monetary price is $1.29 per ounce. Silver certificates shall be issued against the cost of the silver so acquired. If we require about one and one-third billion ounces to establish the 25-75 ratio, and it could all be purchased for 50 cents an ounce, it would require at least $650,000,000 of expenditure out of any available money for that purpose. By adding this amount or more to our present circulating medium, it constitutes inflation. If this silver were purchased at the price for newly mined silver under the Pittman proposal of last winter, namely 64½ cents, it would add even more; at the monetary price of $1.29, it would add still more.

This is not the first time that silver-purchase proposals have been advanced in this country. In 1878, under the Bland-Allison Act, from two to four million dollars worth of silver per month was purchased, and actually the total so purchased under that act amounted to more than $378,000,000. In 1890, under the Sherman Act, they authorized purchases up to four and one-half million ounces per month, and issued certificates redeemable in gold, as a result of which the first flurry in 1893 caused people to redeem silver certificates in gold, thereby depleting the Treasury of its gold reserve, and bringing on the depression of 1893.

What contentions are advanced in behalf of a measure such as this? It is argued that it will broaden the metallic base for our currency, raise prices, benefit the silver States, and promote world trade.

To be sure, it will broaden our currency base, but no conclusive argument has been advanced to show that that will help matters. Banks are filled with money, deposits in every State in the Union are mounting, billions of excess reserves are available as a base for expanding credit, but thus far that credit has not been jarred loose. It is the velocity and turnover of money, not the quantity that counts. You will, by the terms of this bill, add to the quantity of money, but you do not aid credit expansion, and the result will be that additional money will only find its way into deposits precisely as the rest of our circulating medium is now doing. The loans to small industry, the housing bill, and other measures are designed to stimulate credit. This bill gives no evidence that it can aid such credit expansion in the slightest way. What we need is not more money—we have more now than we ever had—but money that travels faster.

You say this bill will raise prices. That it will advance us toward the magic 1926 price level. Look at the committee report which accompanied the gold reserve bill which passed this House in January. There they made the same argument. The cry was devaluation, for a broader base, for higher prices. Did we get them? The fact is that on May 15 the general price index was lower than it was in February, and were it not for the drought, the farm-index level would be lower than it was before the Gold Reserve Act was passed. Meanwhile, because of codes, the spread between the price of farm products and manufactured products is widening rather than narrowing. The International News Service reported the President as stating early in May, after a conference with silver advocates that, "Experimentation with gold has been a flop. I have no hesitation now in experimenting with silver." I do not vouch for the truth of that statement, but it appeared on the front page of the Washington Herald, and if it is true, then we dare assume that this, too, will be experimentation, and experimentation breeds uncertainty.

The mining benefits of the bill will at best be limited and it is doubtful in the extreme whether we should pass legislation of this character, the benefits of which will be limited and the uncertainties of which may be wide-spread. Seven States, with an aggregate population less than that of the State of New Jersey, produce more than 90 percent of all the silver in the country. Since we are already obligated under the Pittman proposal for most of the newly mined silver at 64½ cents per ounce, I cannot discern the heralded benefits that are to accrue to the mining States.

The foreign-trade benefits recited under the provisions of this measure are illusory and quite doubtful. We watched and waited with bated breath when the Gold Reserve Act was passed in January for other nations to forsake gold and to devalue. They failed to do so. We waited for an increase in the movement of goods in foreign commerce. The increase was sadly disappointing. We started with an academic assumption and expected other nations to stand idly by in the battle of money and exchange while we increased our foreign trade. That was sheer stupidity.

Take Germany as an example. With only 7 percent of gold reserve behind the mark, and with the mark having a purchasing power of 40 cents in this country in May 1934 as compared with 25 cents in May of 1933, we felt certain that either Germany must buy from us or must devalue. She did neither. She established a system of conversion marks whereby every importer must first secure a half dozen approvals from a half dozen bureaus and then secure a supply of these special conversion marks before he could import from other countries. They established quotas and subsidies and so set at naught our most carefully calculated schemes. Argentina did precisely the same thing, and from all appearances our best-laid schemes of using money and exchange weapons with which to augment foreign trade failed to take into account the element of human nature.

What assurance is there that when through purchases the price of silver does go up that it will stimulate trade with India and China? As an academic proposal it should work out that way, but it does not. The people in India and China are already hoarding 7,000,000,000 of the 12,000,000,000 available ounces of silver in the world. What could be more natural than to hoard even more if the price goes up? What shall prevent them, with the connivance of the trained experts of other nations overseas, from setting up quotas, subsidies, and other obstructions and leave us with nothing more than a great domestic uncertainty that is inimical to recovery?

In the solitude for a fancied foreign trade we are ready to crucify labor, the farmer, and the business man. I am ready to support any measure conducive to recovery, but I shall oppose any measure which is so thoroughly speculative and so filled with uncertainties.

Mr. BANKHEAD. Mr. Speaker, I do not know that I shall consume the remainder of the time to my credit, but I want to say very briefly in reply to the statement made by the gentleman from Ohio, whom I respect very highly, that I feel his statement that this is a gag rule, under all the circumstances, was not justified. If it had not been for a certain parliamentary situation which developed in the committee in reference to some amendment that had been proposed to the original bill, it would not have been necessary at all to secure a special rule for the consideration of the bill in the form in which it is now offered. It was clearly a technical problem that required the intervention of the Committee on Rules to bring in a rule in the form in which it is presented. It has none of the aspects of a gag rule. As I understand it, the strictures of the gentleman from Ohio along this line were based upon the fact that but 3 hours were allowed for general debate. I do not know that the Members would be able to reach a more intelligent conclusion upon this bill one way or the other if we had 6 months of general debate upon it. I am one of those who undertook for 2 or 3 years to make a very intensive study of the currency question and related economics. I spent many long hours after leaving my office, reading what I regarded as textbooks upon this question, books written by eminent authorities. After 2 or 3 years of study on this problem in an effort to reach some intelligent opinion, I finally concluded that nobody in this world knew much about the whole subject. [Applause.] It is too complicated, it has too many ramifications, there are too many opinions with respect to it, and the economists do not agree on it. I was somewhat surprised to see a former college economist speak on this question. We have heard a good many strictures from the other side upon members of the " brain trust ", but I assume some of the Members on the other side respect the views of this solitary member of the " brain trust " on their side because formerly he was a college professor.

Mr. Speaker, we have had hearings with reference to the silver controversy for the last 2 or 3 years. The matter has been studied in a very intensive form. The Committee on Coinage, Weights, and Measures prepared a bill which passed the House, the Dies bill, and was sent to the other body. There was grave difference of opinion as to the efficacy of that bill.

It was the conclusion of the House committee charged with the responsibility to recommend legislation upon that question that this was the wisest bill that could be offered under the circumstances at this time. It went to the Senate and numerous conferences have been held by Senators and Representatives touching this question, and the matter now presented comes to us in the form of a compromise, as I understand it, with the approval of the administration.

I do not know, and no man knows, whether or not the passage of this bill, if it passes, will effectuate the desirable results that the sponsors hope it will accomplish. Here is a proposition presented to consider this measure upon its merits and the resolution simply provides for its consideration in order that we may register the will of the House of Representatives upon the question. It is an ordinary rule. I regret that more time could not be devoted to its discussion, but everyone here knows the legislative situation in which we are placed. There are many of us who want to conclude the program and adjourn this Congress, but we have certain things to do before we can expect to get away. If we had unlimited debate on this and other involved problems to come up, it would consume a vast amount of time.

Mr. BYRNS. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Tennessee.

Mr. BYRNS. May I call the gentleman's attention to the fact also that the tariff bill will be completed at an early date. Then they will probably take up the silver legislation in the Senate, and it is important that they have the House bill before them at that time. I think, therefore, that is an additional reason why this House ought to pass this bill within a reasonable time.

Mr. BANKHEAD. May I say, too, in connection with this matter, my function here as Chairman of the Committee on Rules is to present this rule and ask my associates on this side of the House to adopt the rule giving the legislative committee in charge of the responsibility of presenting the matter an opportunity to present the question on its merits. There are some Members on this side opposed to the provisions of the bill, but I trust that those Members will certainly support this rule, so that consideration may be given to the bill.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I offer an amendment to the resolution by striking out the words " 2 hours " and inserting in lieu thereof the words " 3 hours."

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: On page 1, line 9, strike out the word " two " and insert in lieu thereof the word " three."

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the amendment.

The question was taken; and on a division (demanded by Mr. FIESINGER) there were—ayes 106, noes 4.

So the previous question was ordered on the amendment.

The SPEAKER. The question is on agreeing to the amendment offered by the gentleman from Alabama [Mr. BANKHEAD].

The amendment was agreed to.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. FIESINGER) there were—ayes 98, noes 1.

So the previous question was ordered on the resolution.

The SPEAKER. The question is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. FIESINGER) there were—ayes 95, noes 18.

Mr. FIESINGER. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently there is no quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 214, nays 71, not voting 145, as follows:

[Roll No. 152]

YEAS—214

Adair	Disney	Kocialkowski	Rogers, N.H.
Adams	Dobbins	Kopplemann	Romjue
Arens	Dockweiler	Kramer	Rudd
Arnold	Doughton	Lambertson	Ruffin
Ayers, Mont.	Douglass	Lanham	Sabath
Ayres, Kans.	Dowell	Larrabee	Sadowski
Bankhead	Driver	Lea, Calif.	Sanders, La.
Beam	Duffey	Lee, Mo.	Sanders, Tex.
Beiter	Duncan, Mo.	Lehr	Sandlin
Bland	Dunn	Lewis, Colo.	Schaefer
Blanton	Durgan, Ind.	Lindsay	Schuetz
Bloom	Eagle	Lozier	Scrugham
Boehne	Ellenbogen	Ludlow	Shallenberger
Boileau	Ellzey, Miss.	McClintic	Sinclair
Brooks	Farley	McCormack	Smith, Va.
Brown, Ga.	Fitzpatrick	McDuffie	Smith, Wash.
Brown, Ky	Flannagan	McFarlane	Somers, N.Y.
Brown, Mich.	Fletcher	McKeown	Spence
Brunner	Ford	McReynolds	Steagall
Buchanan	Fuller	McSwain	Strong, Tex.
Buck	Gilchrist	Maloney, Conn.	Stubbs
Burke, Nebr.	Gillespie	Maloney, La.	Studley
Byrns	Glover	Mansfield	Sumners, Tex.
Cady	Granfield	Martin, Colo.	Swank
Caldwell	Gray	May	Tarver
Cannon, Mo.	Greenwood	Meeks	Taylor, S.C.
Cannon, Wis.	Gregory	Miller	Terrell, Tex.
Carden, Ky.	Griswold	Milligan	Terry, Ark.
Carpenter, Kans.	Harlan	Mitchell	Thom
Carpenter. Nebr.	Hart	Monaghan, Mont.	Thomason
Cartwright	Hastings	Montague	Thompson, Ill.
Castellow	Henney	Montet	Thompson, Tex.
Celler	Hildebrandt	Moran	Truax
Chapman	Hill, Ala.	Morehead	Turner
Chavez	Hill, Knute	Murdock	Umstead
Cochran, Mo.	Hill, Samuel B.	O'Connor	Underwood
Colden	Hoidale	O'Malley	Utterback
Collins, Miss.	Hope	Oliver, Ala.	Vinson, Ky.
Condon	Howard	Oliver, N.Y.	Wallgren
Cooper, Tenn.	Huddleston	Owen	Walter
Corning	Imhoff	Parker	Warren
Cox	Jacobsen	Parks	Wearin
Cravens	Jenckes, Ind.	Parsons	Weideman
Crosby	Johnson, Minn.	Patman	Werner
Cross, Tex.	Johnson, Okla.	Peavey	West, Ohio
Crosser, Ohio	Johnson, Tex.	Peyser	West, Tex.
Crowe	Johnson, W.Va.	Pierce	Whittington
Cullen	Jones	Ramsay	Williams
Cummings	Kee	Ramspeck	Wilson
Deen	Keller	Rankin	Wood, Mo.
DeRouen	Kennedy, N.Y.	Rayburn	Woodrum
Dickinson	Kerr	Richards	Young
Dickstein	Kleberg	Robertson	
Dies	Kloeb	Robinson	

NAYS—71

Allen	Culkin	Griffin	McGugin
Bacharach	Darrow	Guyer	McLean
Bacon	Dirksen	Hancock, N.Y.	McLeod
Bakewell	Ditter	Hess	Mapes
Beedy	Dondero	Hollister	Marshall
Blanchard	Eltse, Calif.	Holmes	Merritt
Bolton	Englebright	Kahn	Mott
Buckbee	Evans	Kelly, Ill.	Perkins
Carter, Calif.	Fiesinger	Kinzer	Plumley
Cavicchia	Foss	Knutson	Ransley
Christianson	Gavagan	Lamneck	Reece
Clarke, N.Y.	Gifford	Lanzetta	Reed, N.Y.
Collins, Calif.	Goodwin	Luce	Richardson
Connolly	Goss	McFadden	Simpson

Sirovich	Taylor, Tenn.	Treadway	Wolcott
Snell	Tinkham	White	Wolverton
Swick	Tobey	Whitley	Woodruff
Taber	Traeger	Wigglesworth	

NOT VOTING—145

Abernethy	Dear	Jenkins, Ohio	Reilly
Allgood	Delaney	Kelly, Pa.	Rich
Andrew, Mass.	De Priest	Kennedy, Md.	Rogers, Mass.
Andrews, N.Y.	Dingell	Kenney	Rogers, Okla.
Auf der Heide	Doutrich	Kniffin	Schulte
Bailey	Doxey	Kurtz	Sears
Beck	Drewry	Kvale	Secrest
Berlin	Eaton	Lambeth	Seger
Biermann	Edmiston	Lehlbach	Shannon
Black	Edmonds	Lemke	Shoemaker
Boland	Eicher	Lesinski	Sisson
Boylan	Faddis	Lewis, Md.	Smith, W.Va.
Brennan	Fernandez	Lloyd	Snyder
Britten	Fish	Lundeen	Stalker
Browning	Fitzgibbons	McCarthy	Stokes
Bulwinkle	Focht	McGrath	Strong, Pa.
Burch	Foulkes	McMillan	Sullivan
Burke, Calif.	Frear	Marland	Sutphin
Burnham	Frey	Martin, Mass.	Sweeney
Busby	Fulmer	Martin, Oreg.	Taylor, Colo.
Carley, N.Y.	Gambrill	Mead	Thomas
Carmichael	Gasque	Millard	Thurston
Carter, Wyo.	Gillette	Moynihan, Ill.	Turpin
Cary	Goldsborough	Muldowney	Vinson, Ga.
Chase	Green	Musselwhite	Wadsworth
Church	Greenway	Nesbit	Waldron
Claiborne	Haines	Norton	Weaver
Clark, N.C.	Hamilton	O'Brien	Welch
Cochran, Pa.	Hancock, N.C.	O'Connell	Wilcox
Coffin	Harter	Palmisano	Willford
Cole	Hartley	Peterson	Withrow
Colmer	Healey	Pettengill	Wolfenden
Connery	Higgins	Polk	Wood, Ga.
Cooper, Ohio	Hoeppel	Powers	Zioncheck
Crowther	Hughes	Prall	
Crump	James	Randolph	
Darden	Jeffers	Reid, Ill.	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Kniffin (for) with Mr. Higgins (against).
Mr. Hoeppel (for) with Mr. Doutrich (against).
Mr. Kenney (for) with Mr. Jenkins of Ohio (against).
Mr. McGrath (for) with Mr. Andrew of Massachusetts (against).
Mr. Randolph (for) with Mr. Beck (against).
Mr. Peterson (for) with Mr. Cooper of Ohio (against).
Mr. Hamilton (for) with Mr. Kurtz (against).
Mr. Musselwhite (for) with Mr. Chase (against).
Mr. Coffin (for) with Mr. Eaton (against).
Mr. Hancock of North Carolina (for) with Mr. Fish (against).
Mr. Black (for) with Mr. Hartley (against).
Mr. Sullivan (for) with Mr. Crowther (against).
Mrs. Greenway (for) with Mr. Millard (against).
Mr. Delaney (for) with Mr. Stokes (against).
Mr. Boylan (for) with Mr. Lehlbach (against).
Mr. Secrest (for) with Mr. Wolfenden (against).
Mr. Mead (for) with Mrs. Rogers of Massachusetts (against).
Mr. Dingell (for) with Mr. Seger (against).
Mr. Darden (for) with Mr. Rich (against).
Mr. Palmisano (for) with Mr. Cochran of Pennsylvania (against).
Mr. Prall (for) with Mr. Powers (against).

Until further notice:

Mr. Vinson of Georgia with Mr. Britten.
Mr. Lewis of Maryland with Mr. Martin of Massachusetts.
Mr. Sears with Mr. Frear.
Mr. Gasque with Mr. Edmunds.
Mr. Allgood with Mr. James.
Mr. Drewry with Mr. Muldowney.
Mr. Bulwinkle with Mr. Wadsworth.
Mr. Connery with Mr. Stalker.
Mr. Abernethy with Mr. Kelly of Pennsylvania.
Mr. Goldsborough with Mr. Burnham.
Mr. Gambrill with Mr. Focht.
Mr. Lambeth with Mr. Andrews of New York.
Mr. Smith of West Virginia with Mr. Thurston.
Mr. Taylor of Colorado with Mr. Welch.
Mr. Pettengill with Mr. Moynihan of Illinois.
Mr. O'Connell with Mr. Carter of Wyoming.
Mrs. Norton with Mr. Lemke.
Mr. Doxey with Mr. Strong of Pennsylvania.
Mr. Fulmer with Mr. Turpin.
Mr. Clark of North Carolina with Mr. Withrow.
Mr. Busby with Mr. Thomas.
Mr. Burch with Mr. Reid of Illinois.
Mr. Shoemaker with Mr. De Priest.
Mr. Boland with Mr. Kvale.
Mr. Fernandez with Mr. Lundeen.
Mr. Cole with Mr. Hughes.
Mr. Willford with Mr. Lloyd.
Mr. Auf der Heide with Mr. Brennan.
Mr. Reilly with Mr. Eicher.
Mr. Kennedy of Maryland with Mr. Bailey.
Mr. Wood of Georgia with Mrs. McCarthy.
Mr. Polk with Mr. Berlin.
Mr. O'Brien with Mr. Edmiston.
Mr. Sutphin with Mr. Foulkes.
Mr. Shannon with Mr. Gillette.
Mr. Browning with Mr. Haines.
Mr. Cary with Mr Wilcox.
Mr. Sweeney with Mr. Marland.
Mr. Sisson with Mr. Frey.
Mr. Snyder with Mr. Dear.
Mr. Healey with Mr. Martin of Oregon.
Mr. Lesinski with Mr. Faddis.
Mr. Green with Mr. Carmichael.
Mr. Fitzgibbons with Mr. Biermann.
Mr. Church with Mr. Harter.
Mr. Burke of California with Mr. Claiborne.
Mr. Colmer with Mr. Crump.
Mr. Carley of New York with Mr. Jeffers.

The result of the vote was announced as above recorded.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—DISBURSEMENTS BY THE WAR AND NAVY DEPARTMENTS AND THE PANAMA CANAL (H.DOC. NO. 391)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments and ordered printed:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1489, 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 8, 16), I am transmitting herewith an Executive order revoking section 4 of Executive Order No. 6166 of June 10, 1933, insofar as and to the extent that it is applicable to the disbursing functions under the jurisdiction of the War Department, the Navy Department (including the Marine Corps), and the Panama Canal, except those pertaining to departmental salaries and expenses in the District of Columbia.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 29, 1934.*

SILVER

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. MARTIN of Colorado in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman, just 1 year ago the Congress declared the gold contract clause against public policy, thereby relieving a hundred billions of dollars of debt from the burden of the impossibility of gold payment.

Today, by the passage of the Dies bill, we make possible the addition of more than a thousand millions of dollars of silver to our national monetary supply.

I read from yesterday's New York Times:

> Silver receipts at the mints rose to 885,056 fine ounces in the week ended May 25, exceeding by about 200,000 ounces the total of any previous week.

This is a very important statement at this time, as I view it. This sounds like a lot of silver, but if purchases should rise to a million ounces a week it would take 1,300 weeks, or more than 24 years, to buy the amount of silver the Treasurer is directed and authorized to purchase under this bill.

Ever since silver was demonetized in 1873, there have been many efforts to rehabilitate and remonetize it—the Bland-Allison Act of 1878 and the Sherman Act of 1890 are examples. Since the repeal of the Sherman Act in 1893, there has been no prospect of success for the remonetization of silver until this hour.

The Dies bill, as reported by the Ways and Means Committee, authorizes the addition of more than a billion dollars of silver to our basic money supply. The silver certificates to be issued under the bill are full legal tender for all debts both public and private, and in the language of the market place are "just as good as gold." The actual results will be the same as though a billion of gold certificates were added to our circulating medium. Our silver currency is just as good as gold. Yes; better than gold, for you can still get silver dollars for your silver certificates, but no gold for any kind of currency.

The bill directs the Secretary of the Treasury to increase his supply of monetary silver to one-fourth that of the total monetary stock in the Treasury. At the last report there was seven billions seven hundred and fifty-five millions of monetary gold in the United States Treasury. The stock of monetary silver was $892,000,000. Therefore our present total monetary stock of gold and silver is eight billions four hundred and forty-seven millions of money. Twenty-five percent of this huge sum is two billions two hundred millions. Since the amount of silver on hand is only $892,000,000, to raise the silver holdings to two billions two hundred millions will require the purchase of at least 1,300,000,000 additional ounces of silver.

The estimated free silver in the world that might possibly be acquired is 750,000,000 ounces. It will at once be seen that the policy which the Secretary of the Treasury is directed to carry out will lift silver up to its former place beside gold and increase tremendously our base of metallic money. It will expand our volume of actual money by the very soundest possible monetary policy. Every dollar of currency issue will be backed up by an actual dollar of noble metal, either in coin or bullion, that can be coined when coin is demanded.

The Dies bill meets completely the pledge of the Democratic platform to maintain a sound currency at all hazards. There is no fiat or doubtful promise to pay in the money authorized to be issued under the terms of this bill. It loads no additional debt upon the Federal Government and creates no doubt as to its soundness under any conditions. We are at present struggling with a desperate economic problem. Debt, both public and private, is at the bottom of all of our economic troubles. If we want to avoid a recurrence of the collapse of 1929, we should avoid money based upon governmental fiat as we would a pestilence. I read the other day where a Member of this House said " a man might just as well be in hell as in debt." If he is in debt and cannot pay it, he is in hades already.

By the repeal of the gold-payment clause and the declaration that all our money is legal tender in discharge of debt, either public or private, approved in May 1933 we made the first step making it possible to restore silver to its former place beside gold as primary money. By the enactment of the bill now under consideration we are saying to the world, " Silver is money ", and the Secretary of the Treasury of the United States is directed to maintain it as an integral part of the monetary system of the Nation. With the equality of silver established and restored, our monetary system will rest upon the very broadest possible base. There will be a sufficient volume of money to supply the lifeblood of trade, which is sound credit, and to build our future prosperity upon the best financial system in the world.

The new freedom of the new-deal monetary policy was first stated in the gold-payment repeal bill, as follows:

> That every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency or in amount in money of the United States measured thereby is declared to be against public policy.

That is the new Declaration of Independence under the new deal that lifted an intolerable burden of debt from the backs of the American people.

For 40 years I have advocated a bimetallic monetary system providing for unlimited coinage of gold and silver at a ratio fixed by law. The silver and gold so coined to be legal tender for all debts, both public and private, and the United States Treasury authorized to pay in either standard gold or silver dollars at its option.

On January 3, 1934, at the beginning of this session, I introduced a bill which provided:

> SEC. 2. The dollar shall consist of 12.9 grains of gold nine-tenths fine, or of 412½ grains of silver nine-tenths fine, and shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.
>
> SEC. 3. Gold and silver dollars of the standard weight and fineness provided in this act shall be legal tender for the payment of all debts, both public and private, and the United States Treasury may pay the obligations of the Federal Government in either standard gold or silver dollars at its option.

The parity under the Dies bill is 27 to 1, while the parity under my bill would be 32 to 1, or practically the same thing. It will be readily seen that the provisions of this bill are practically the same as those contained in the bill which we are now about to enact into law.

If these provisions could be submitted to a popular vote of the American people at the next general election, they would be approved by an overwhelming majority of the voters of this Nation.

The Dies bill comes nearest to meeting these provisions of any measure that will be considered by this Congress. This act will put silver on a practical parity with gold and the money issued under its provisions will be full legal tender for all debts, both public and private.

This bill is a fundamental part of the President's monetary program. It is an integral part of the new deal for national recovery. It is the beginning of a new dawn for American agriculture and American industry. It will be a powerful factor in the restoration of our foreign trade. The silver-using nations will be quick to use their money or silver in purchase of our surplus products. Commodity prices will rise as the volume of money in circulation increases. The debtor will liquidate his debts with these new-deal dollars rather than liquidate through bankruptcy or repudiation, as under the old deal.

The people expect this legislation, the times demand it, and the Congress should give it immediate and overwhelming approval.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. SHALLENBERGER. I yield if I have any further time.

Mr. PARSONS. The gentleman from Nebraska does not contend for a moment that the Dies bill now being considered remonetizes silver in any respect?

Mr. SHALLENBERGER. It certainly does. It remonetizes silver to the extent the silver we buy is to be made an actual part of the monetary system of this country. [Applause.]

Mr. PARSONS. But it does not in any wise mention any ratio or provide for the maintenance of any ratio.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman and members of the Committee. This bill is not what it is labeled by its sponsors, a bill to establish bimetallism. It is a racket, and do not fool yourselves for one minute, and do not get the idea that the people of the United States are not going to be wise to that racket.

When we took the gold into the Federal Treasury, we prevented anybody getting any profit on it who had gold in the United States. By the terms of this bill we hand to these racketeers, these speculators who have been in the market buying silver, a 50-percent profit.

I am going to find out whether you mean this to be a half-way honest bill when you get to the point, because I am going to offer an amendment which taxes the profits of the speculators 100 percent.

Mr. WHITE. Nobody profited by the devaluation of gold.

Mr. TABER. Those who shipped gold out of the country did.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. TABER. I yield.

Mr. VINSON of Kentucky. Knowing the gentleman as I do, I cannot think for a moment that he means that anyone who votes against his amendment to tax the profit 100 percent would be dishonest.

Mr. TABER. Either they do not understand the situation or they are participators in the racket.

Mr. VINSON of Kentucky. I know the gentleman would not profess to be the only honest man in the House.

Mr. TABER. No; I have stated the situation that exists, and that cannot be disputed.

Mr. HARLAN. Will the gentleman yield?

Mr. TABER. Yes; I yield.

Mr. HARLAN. The thought that disturbs me is that if you take all the profit away we have no way to compel the people to sell their silver to the Government except under the clause where they will get 65 cents.

Mr. TABER. The Government is paying 64, and the price of silver is 45, so that the Government pays 20 cents more. I cannot understand how that can be unless there is a racket, and I cannot approve of that kind of doings.

Now, let me give you a few of those who will be benefited by this proposition.

Now, among the big holders—and, frankly, it has been the policy of this administration to favor the big interests right along. Here are some of them. See how you like it.

Chase National Bank, 18,000,000 ounces; the National City Bank, 7,500,000 ounces; E. L. Cord, 1,750,000 ounces; Goldman Sachs, 3,000,000 ounces; Interstate Equity, 1,500,000 ounces; Texas Corporation, 1,180,000 ounces; Marine Midland Bank & Trust Co., 1,250,000 ounces.

The Eastman Kodak Co., 12,000,000 ounces; Public National Bank, New York, 350,000,000 ounces.

That is a part of the group of speculators. You know that you have restricted the speculation in stocks. Therefore, folks have taken to speculating in metal, and the object of this bill, and a lot of those people back of it, is to boost the price of silver for the benefit of those speculators, and they are the ones who are going to reap.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. PARSONS. What does the gentleman think about this bill establishing three prices for silver? We are paying 64½ cents an ounce for newly mined silver, and it is proposed under the bill to pay 50 cents an ounce as of record May 1, and then we propose when we nationalize silver to pay another price, which may be set by the Secretary of the Treasury. I want someone during the course of this debate to explain why we should have three prices of silver.

Mr. TABER. No one can explain it satisfactorily.

Of course there is no such thing as currency expansion under this bill. The other feature of this bill is this: We buy silver from foreign countries, and we pile something up in the Treasury of the United States that nobody else wants and that everybody is glad to shove onto us, and we get ourselves in just the same position that we got into between 1920 and 1929, when we sold our goods to foreign countries and took back South American and European bonds. It is just the same process. Are we going to do it again, or are we going to learn a little something by experience?

Mr. PARSONS. Under the terms of this bill, what will we buy foreign silver with?

Mr. TABER. American currency, probably, and American currency will be represented by American goods that go over to foreign countries.

Mr. PARSONS. We are not going to send any currency over to a foreign land to buy silver.

Mr. TABER. The currency will be paid by the Treasury for the silver when it comes back here. The silver at first will go to the producers of the merchandise that we send across the water, and then the operation will result not in an increase in the paper which is in circulation but an increase in silver paper in circulation and a decrease in Federal Reserve bank notes, and when you get all through the operation you will not have increased your currency circulation at all.

Mr. PARSONS. How many million ounces of silver does the gentleman think we might get from abroad under this act?

Mr. TABER. No one can tell. You will see all sorts of statistics. Some people say 450,000,000 and some people go a good deal higher than that. Of course, silver in foreign countries cannot be estimated anywhere as near accurately as silver in the United States.

Mr. PARSONS. How many ounces will we get in the United States under this act?

Mr. TABER. I do not know, and no one knows, but the program would evidently be to get it. I understand that a lot of those countries have a great deal more than they need, and that they would be glad to get it over here, get it out of their market. It is something they do not want.

Mr. PARSONS. That is, they do not want it if it is going to remain cheap, but if it is going to get to the coinage price of $1.29 or higher, would not these foreign countries hold their silver, expecting the higher price, or a world-wide remonetization. Would they send silver to this country if there was anything that would boost the price of silver to the coinage price?

Mr. TABER. Oh, the natural operation, of course, would be that they would not. We may be sure that if there is any international deal, if experience of the past is anything to go by, that Uncle Sam will get the worst of it. And we are surely going to get it if we pass this bill as it now stands.

Mr. PARSONS. Is there anything in this bill to provide for the enhancement of the price of silver to the coinage price of $1.29—any incentive?

Mr. TABER. No.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TREADWAY. Mr. Chairman, I yield 8 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, in looking over the CONGRESSIONAL RECORD, proceedings of the House, of May 2, 1933, when we had under consideration title III of Public Act No. 10, I can readily forecast what probably will happen with this measure now under consideration. Gentlemen will recall the discussion on that day last year. They will remember that the inflationists and those who are against inflation and were looking for a sop, so that inflation might not come, embraced title III of the Agricultural Adjustment Act, and embraced it enthusiastically. Today history repeats itself with another measure of like character, perhaps not so far-reaching in its effect and importance as that passed last year but nevertheless in exactly the same category. Lest I be labeled as a "brain truster" or a professor, I hasten to admit that there is plenty that I do not know about silver and money; but there are some things that anyone with any degree of intelligence can understand, and you can understand this bill, if you read it. If you understand the history of silver in this country, you have every reason to expect that you will find exactly the same occurrences under the operations of this act as happened under the operations of the Silver Acts of 1890 and 1878. I have read a great deal on the question of silver in the past few weeks and I shall make reference now to two editorials, one appearing in a newspaper in my district, in the State of Wisconsin, and one appearing in the New York Times.

I will read just a portion of each of those editorials. First, from the Janesville Gazette of Janesville, Wis., entitled "The Silver Senators Win Their Battle":

> President Roosevelt, after many statements opposing the silver program, has finally succumbed to the bloc backed by the Members of Congress from the silver-mining States. It is quite possible that the President was moved to this action by the belief that nothing could very seriously disturb the monetary situation of the United States. It is known that Mr. Roosevelt has been deeply disappointed over the refusal of commodities to respond to the gold policy and that devaluation did not carry out the Professor Warren guarantee that farm prices would jump equivalent to 41 percent when that percentage was cut from the circulation value of the gold dollar.
>
> All the holders of silver who have been buying for speculation in anticipation of a legal national value of $1.29 an ounce as has been done, will profit heavily by this action. They will have a market for a dead product. As it is, there is an element of control in this understanding by which the Government becomes a dealer in silver—silver cannot be higher than $1.29 an ounce. It will mean the adding of about $1,500,000,000 to the frozen, cold storage, metal money of the country. The silver will not be circulated. It will be in the same position it has been before—issuance of silver certificates against the bullion in the Treasury.

There is no reason for alarm over the action. Our present difficulty is in frozen money. Gold is in the ice chest. Silver will be there along with the gold. The great need we have is not more volume of money but more money under full speed—money in the form of checks and other circulation media rather than more actual cash. Silver will make no difference in the supply of gold since we will not be buying silver with gold.

Under the Bryan plan of 1896 we should have been in the market for silver, paying for the white metal in gold or its equivalent at 16 to 1. Now if we buy silver at 50 cents an ounce and put it into circulation at $1.29 an ounce as soon as this machinery is set up we can use the silver certificates to pay for silver at the market. If it were not for this fact the silver movement might be considered a dangerous monetary experiment. Under this plan as accepted by the President, there will be just another special privilege law which will give the mine owners and the silver speculators a sale for unmarketable metal.

Let me refer to the editorial appearing in the New York Times, referring directly to this bill:

THE SILVER BILL AND OTHERS

Whatever is to be the result of the President's silver message and of the formulated silver bill, it is already evident that the proposals actually please very few. Some members of the silver bloc recognize grudgingly that a concession has been made to them but intimate that they have not got what they wanted. In business circles no enthusiasm has been shown for the President's plan, even as an inflation hypodermic. Cotton and wheat, the price of which has often risen temporarily at the idea of silver legislation, have made no response; silver itself has lost ground on the market.

Probably the community at large is merely bewildered. It certainly received little enlightenment from the Presidential message, which contained a good deal of unsupported assertion. Not the slightest evidence has appeared on any hand that the silver agitation, which in 1896 and 1878 stirred whole communities into intense political excitement, has reappeared. If one may judge by the cabled comments, the President's statement "that at no time since 1878 have conditions been more favorable for international agreement on a mixed-money standard" causes only skepticism abroad.

In some respects the present episode has repeated similar past experience at Washington. It is a manifest attempt at political compromise, and in this strongly resembles the ill-fated Silver Purchase Act of the Harrison administration in 1890. That, too, was an era of political dissatisfaction and of rash political experiment; the White House then favored "doing something for silver", because it found that only thus could it insure passage of a higher tariff. It resembles the equally celebrated Silver Coinage Act of 1878 in that large-scale compulsory purchase of silver was on that occasion conceded with the purpose of heading off a congressional demand for outright free coinage of silver with a resultant unlimited increase in the currency.

Both of these older compromise silver acts worked badly. Both resulted eventually in business reaction. Both were abandoned afterward; none of the benefits promised to the American business situation were realized. The Monetary Commission calculated in 1898 from the Treasury's statistics that the silver bought by the Government under the act of 1878 cost $308,279,000 and that purchases under the act of 1890 cost $155,931,000, which, with cost of transportation, footed up $465,274,000, whereas the market value of the silver thus acquired was $266,769,000 at the end of 1897, indicating loss on the unsuccessful operations of more than 42 percent.

It is doubtless true that loss or waste of public money, in amounts vastly beyond the modest calculations of the nineties, has no such effect nowadays on the public mind as it used to have.

Mr. CROSS. Will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. CROSS. Does the gentleman recognize the difference between the Sherman Act and the Allison Act and this bill where, under those acts, silver was held purely as a commodity, like so much wheat or corn, whereas under this bill it is made monetary metal and becomes a part of the monetary reserve of the country?

Mr. BLANCHARD. I recognize the distinction.

Mr. CROSS. Does the gentleman realize the fact that as long as silver was held as money in this country, the silver dollar was at a premium over the gold dollar?

Mr. BLANCHARD. Oh, I recognize the distinction. Perhaps this language from the same editorial sums it up:

Or is it perhaps that our public officials, if not the general public, have come to believe, as they did in 1929, that we are living now in a new era, in which old-time economic rule and precedent no longer apply?

Mr. WHITE. Will the gentleman yield?

Mr. BLANCHARD. I cannot yield further.

May I say to you that I regard this act as just another sop, just some more tinkering with the monetary situation of the United States, with no particular historical reference or any other relationship to the international monetary system, and that the longer we continue in this country to tinker with our monetary policies, to tinker with gold and silver, the longer we will remain in the throes of this depression, because this act, along with many others which you are proposing at this session of Congress, only adds to the uncertainty of the situation.

In a previous speech I made on the results of this kind of legislation I said there is nothing that strikes terror to the mind of the average citizen more than uncertainty and doubt and fear of the future. Security is the finest insurance there is for a contented people. Business is no different from individuals. There can be no recovery until conditions are restored to some degree of normalcy, but you will never attain that goal until you quit tinkering and let people understand that we are on the road to stability. This measure just adds to the uncertainty; it will well serve speculators and no one else. It will just be labeled as another experiment designed to stop the demand for more comprehensive silver legislation, and will cost the American people millions upon millions of dollars.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. DIES].

Mr. PATMAN. Mr. Chairman, I make a point of order that there is not a quorum present.

The CHAIRMAN (Mr. MARTIN of Colorado). The Chair will count. [After counting.] One hundred and sixteen Members are present, a quorum.

Mr. DIES. Mr. Chairman, ladies and gentlemen of the Committee, owing to the limited time allotted to me, I must necessarily confine discussion of my bill, H.R. 9745, to the general purposes and principal provisions of the bill. It has been my privilege to address the House upon the money subject on a number of occasions; and last Saturday, when my bill was being considered by the Ways and Means Committee, it was my happy privilege to discuss this bill and the money question in general for about 5 hours. I wish to express my deep appreciation for the kind hearing which the committee accorded me, the keen interest which they manifested in the subject, and the generous compliments which they so kindly paid me.

I wish to discuss briefly the history of silver legislation during this session of Congress.

THE DIES FARM-SILVER BILL

As is well known, my bill (H.R. 7581) passed the House on March 19, by a vote of 258 to 112. This bill provides for the exchange of American agricultural products for silver. Under its terms the Export-Import Bank of Washington, all agricultural marketing associations, and every private exporter are empowered to sell our surplus products abroad and to accept silver in payment therefor at a premium which shall be not less than 10 percent nor more than 25 percent above the world market price of silver. By utilizing the services of all established and recognized export agencies, whether governmental, cooperative, or purely private, we felt assured that the maximum of surplus products would be disposed of under the operation of the bill. The general purposes of that bill were to dispose of our surplus products abroad in a normal and constructive way, retain our dominant position in the export markets of the world, put a safe quantity of new and honest money into circulation, and thereby increase the purchasing power of the millions of producers of America who form the backbone of our economic life.

Against the silver received in payment for our surplus products, the bill provided that legal-tender certificates would be issued based upon the value at which the silver was accepted, and with these silver certificates the producers would be paid for their products. When this bill went to the Senate, it was referred to the Committee on Agriculture and Forestry. This committee, after extended hearings, submitted some very important and far-reaching amendments to my original bill and then reported favorably the amended bill to the Senate. My bill, as amended, was not acceptable to the administration, and there began a series of conferences between Members of the Senate and Members of the House and the President and Secretary of the Treasury designed to effect some compromise on the silver question that would be acceptable to all sides. I conferred with the Secretary of the Treasury and his assistants with a view of reaching some satisfactory settlement on this question, because I realized that without the approval of the administration it would be very difficult to enact silver legislation this session of Congress. As a result of these conferences with the President and the Secretary of the Treasury, my bill, which is being considered by the House today, was agreed upon. It can be truthfully said that the passage of my original bill by the House on March 19 by a majority of 258 to 112 was responsible for silver legislation during this session of Congress. On May 22 Senator PITTMAN in a speech said:

I may say that the foundation for this message and for this proposed legislation might be called the "Dies bill", which came over from the House, was referred to the Committee on Agriculture and Forestry, reported out of this body, and is now on the calendar.

It is well to remember in connection with this matter that my original silver bill was the first one to pass either branch of Congress since 1893, and to the action of the House in passing this bill so overwhelmingly must be ascribed the success of the silver movement during this session of Congress.

DIES SILVER PURCHASE ACT OF 1934

As previously stated, this bill, which I introduced on May 23, represents the limit to which the President is willing to go in the remonetization of silver. The bill is partly mandatory and partly discretionary. Section 2, which declares it to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States will be increased, with the ultimate objective of having and maintaining one fourth of the monetary value of such stocks in silver, is clearly mandatory. So is section 3, which requires the Secretary of the Treasury to purchase silver, at home or abroad, for present or future delivery, so long as the proportion of silver in the stocks of gold and silver of the United States is less than one-fourth of the monetary value of such stock, unquestionably mandatory. Section 5 of the bill, which requires the Secretary of the Treasury to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3, is also mandatory. While the command to increase the stock of silver to the required proportion and to purchase silver, at home or abroad, until this ratio is reached are mandatory, the Secretary of the Treasury is given discretion to purchase such silver, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest. This bill is more than an authorization: it is a command from Congress to the Secretary of the Treasury to achieve the ultimate objective of the bill as soon as possible consistent with the public welfare.

Assuming that the administration will use every effort to carry out the purposes of the bill and to achieve the principal objective contained therein, as we have every reason to believe, it is wiser to leave to the discretion of the Secretary of the Treasury the times and quantity of purchase rather than to compel the Secretary of the Treasury by mandatory requirement to purchase a given quantity of silver each month regardless of conditions and circumstances which may arise. It was urged, and not without reason, that to require the Secretary of the Treasury to purchase a given quantity of silver each month would put the Government at the mercy of the speculators.

GENERAL PURPOSES OF THE BILL

The bill is designed to increase the world price of silver. This increase should not be sudden or precipitate. It should be brought about gradually and in a way that will not disrupt the price level of silver-using countries. China is on a silver standard. As the price of silver fell during the past few years, commodity prices rose in China. The depreciation of silver currency in China produced inflation. While commodity prices and property values fell in gold-standard countries on account of the increased purchasing power of gold, the reverse was true in China. Gold-standard countries suffered from the disadvantages of deflation while silver-using countries enjoyed the advantages of inflation. If we were to announce to the world tomorrow that the Government of the United States intended to purchase 1,500,000,000 ounces of silver at the world market price, and that we would stay in the market and continue to purchase silver until that limit was reached, the price of silver would suddenly increase to $1.29 an ounce. As the price of silver suddenly rose in China, commodity prices and property values there would crash, and China would have to go through the painful and disastrous experiences of deflation. We must remember that China is an importer of silver, and that she sells her exportable surplus to purchase silver. If the world price of silver were to rise suddenly, and if this rise was not accompanied by an increase in the gold prices of other commodities, China would naturally purchase less silver and more of other commodities.

LOW PRICE OF SILVER INJURIOUS TO OUR TRADE

On the other hand, Mr. Chairman, the low price of silver is equally undesirable. On account of the depreciation of silver currency in China, and the silver-using countries in general, they are able to sell their exportable surpluses on the markets of the world at such a low price that we cannot compete with them. On account of her depreciated currency, Japan is flooding the markets of the world with her cheap products. British financial interests are able to buy huge quantities of silver at a low price, transfer the silver to China, and build and operate factories and industries at a very low cost. The Chinese dollar, although having only 25 cents of silver in it, will buy just as much in China with the world market price of silver at 25 cents an ounce as it will when silver reaches $1.29 an ounce. The same is true of other silver-using countries. This is not true, however, when the Chinamen want to purchase the products of gold-standard countries, such as the United States, since we, as well as all other gold-standard countries, do not recognize silver in payment for our surplus products. The Chinaman must first convert his silver into gold dollars. This makes it necessary for him to trade four or five silver dollars for one of our gold dollars. Therefore an automobile which costs $600 in the United States will cost the Chinaman $3,000, and in the process of exchange silver-using countries find that our products cost so much that they are unable to purchase them. Although India is not a strictly silver-standard country or a gold-standard country, a great part of her capital and purchasing power consist of silver. In China and India there are probably 7,000,000,000 ounces of silver, which represents the storehouse of value and the capital of millions of people. With silver at the low price which now prevails the owners of this vast stock of silver are unable to purchase the surplus products of other countries and especially our own.

When the price of silver rises, however, the purchasing power of these teeming millions will be restored. This will make it possible for them to purchase our surplus products, and a rise in the world price of silver is necessary to stimulate our foreign trade. In view of the tariff barriers erected by all gold standard countries and in view of the tremendous indebtedness that Europe owes America, it is improbable that in our time and generation we shall be able to regain or recapture our former trade with Europe. We must, therefore, look to Mexico, Canada, South America, and the hundreds of millions of people in the silver-using countries of the East for our future trade.

INCREASE IN SILVER PRICE WILL IMPROVE TRADE

Not only will the restoration of the normal purchasing power of silver open to us the tremendous possibilities of trade with silver-using countries, but also a purchase of silver in countries normally on a gold standard will stimulate the purchase of our surplus products. When we purchase foreign silver with our currency, those who get the currency can use it only for purchasing our surplus products, paying debts, or making capital investments in the United States. The bill will, therefore, operate indirectly in much the same as the Dies farm silver bill proposed to operate directly. Under that bill we proposed to exchange directly farm products for silver, deposit silver in the Treasury, and issue legal tender certificates against the silver with which to pay the American producers. If this bill is carried out according to its purposes and intent, the same result will be accomplished indirectly. In other words, if we purchased a billion dollars' worth of foreign silver and pay the holders of that silver with our paper currency, those to whom this paper currency is delivered can only use it by spending the money in the United States. In the original silver bill, H.R. 14374, which I introduced on January 23, 1933, and on which hearings were had, it was proposed to purchase silver very much in the same manner as this bill provides. Therefore, the practical effect of the purchase of foreign silver with paper currency is in many respects similar to my original plan which passed the House and which provided for direct barter. The difference is that under the Dies farm silver bill the holders of foreign silver would have to take agricultural surplus for their silver, whereas under this bill the holders of the paper currency can buy anything that they want to in the United States.

RESTORE NORMAL PURCHASING POWER OF THE DOLLAR

Not only will this bill, if it is put in operation, stimulate our sales to foreign countries and open to us the markets of the East but it will tend to restore the normal purchasing power of the dollar and stabilize it. As is well known, the purchasing power of the dollar between 1920 and 1929 was about 60 cents. From 1929 the purchasing power of our dollar, as measured in terms of 800 commodities, increased to $1.66. The reason why the purchasing power of our dollar was so comparatively low between 1920 and 1929 was because during this period there was no active demand for gold, and we inflated our credit dollars to the highest peak ever reached in our financial history. Practicall all the nations of the world went off the gold standard and suspended specie redemption. Much of this gold came to the United States in payment for surplus products which we sold to the belligerent nations. This decreased the demand for gold in the other nations of the world and increased the supply of gold in the United States. In obedience to the law of supply and demand gold fell in purchasing power, and our currency based upon that gold fell to a corresponding degree. But when the nations of the world began to resume specie redemption and to come back on the gold standard, there was a scramble for gold. This increased the demand for gold, and its purchasing power rose. During the period when gold had a low purchasing power, and when the dollar was worth about 60 cents in terms of commodities, we contracted in the United States about $250,000,000,000 of public and private indebtedness. Much of this indebtedness was payable in gold, and this, of course, increased the demand for the $4,500,000,000 of gold that we owned. The creditors loaned a 60-cent dollar.

However, after the 1929 crash the purchasing power of our dollar rose until it reached $1.66 in terms of commodities. This was due to the increase in the purchasing power of gold, brought about by the tremendous demand for gold and the colossal contraction of credit money in the United States. In this connection it is well to remember that money is any acceptable medium of exchange, and under this classification checks constitute money the same as currency, so long as the checks are good. Of course, checks are not as good as currency, because behind a check is the solvency of some banking institution, whereas behind our currency is the credit of the United States Government and also the gold and silver in the Treasury. In 1929 our bank deposits of about $60,000,000,000 turned over 22 times, and the volume of business as represented by check turn-overs was twelve hundred billions of dollars. After the crash of 1929 our bank deposits shrank nearly 50 percent, and the annual turnover decreased 50 percent. The volume of business as represented by check turn-overs shrank to $440,000,000,000. There was, therefore, a shrinkage in our medium of exchange of $960,000,000,000. This contraction of credit money, together with the appreciation in the purchasing power of gold, caused the purchasing power of our dollar to rise to unprecedented heights and commodity prices to fall to unparalleled depths. In addition to the stagnation of business produced by this and the unemployment and distress everywhere prevalent, the debtors, who had become very numerous, were required to pay back a dollar worth $1.66 for the 60-cent dollar which they received from their creditors in the beginning. This multiplied the staggering burden of public and private indebtedness threefold, until we were in a state of bankruptcy. Two courses were open to us. We could either proceed to liquidate through the courts, which meant bankruptcies, foreclosures, and untold suffering and hardships; or we could restore the normal purchasing power of the dollar as it existed between 1921 and 1929, when most of our debts were contracted. The majority of our people chose the latter course, and elected President Roosevelt upon this platform.

HOW WILL IT HELP RESTORE NORMAL PURCHASING POWER?

This bill will, therefore, contribute to the restoration of the 1926 price level, which is the average price level that existed between 1921 and 1929. How will it help to do this? First, by broadening our metallic base by the addition of nearly 1,500,000,000 ounces of silver to our present monetary stocks and the issuance of legal-tender currency against this silver. The addition of this silver to our present gold stocks will relieve the strain upon gold by decreasing the demand for gold as the basis for our currency and credit structure. To the extent that we decrease or diminish the demand upon gold and increase the supply of metallic money we will diminish the purchasing power of gold and our currency based upon it. Our money will be based on the average value of 2 commodities, gold and silver, rather than on the value of 1 commodity. When the two happen to be going in opposite directions, as they were in the eighties and nineties, the price level would be more stable than with a single commodity. The purchasing power of our currency would be more stable because it would not be dependent on accidental discoveries of a single commodity. The addition of a billion five hundred million ounces of silver to our monetary stocks would increase the metallic basis of currency so as to give the United States a monetary standard far less liable, than gold by itself, to severe and violent fluctuation in purchasing power. Under section 5 of the bill the Secretary of the Treasury is directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3. In other words, if the Secretary of the Treasury purchases $500,000,000 of silver, he must issue $500,000,000 of new currency. He is also authorized to issue certificates based upon the monetary value of $1.29 an ounce.

If the Secretary acquires 2,000,000,000 ounces of silver, he could issue nearly $3,000,000,000 of new currency. This would certainly increase the volume of our currency to partly take the place of the shrinkage of credit money and the cash currency in hoarding or lost or abroad or in the banks. The fact that the holders of this currency so issued would have to spend it could increase the velocity of this $3,000,000,000 at least 10 times a year, which would mean a total business of $30,000,000,000 furnished by the new currency. This is much needed in view of the fact that of the $5,340,000,000 of outstanding currency nearly $3,000,000,000 of it is in hoarding or lost or abroad or in the tills of the banks.

BILL PROVIDES FOR SOUND MONEY

As I said, the issuance of this currency, which will be backed up by a metallic base as well as by the credit of the Government, will take the place of $3,000,000,000 of credit money, and this is very much needed. The banks of the country today have in excess of $3,000,000,000 of reserves with the Federal Reserve banks. These reserves do not constitute gold or silver or any metal having an intrinsic value; they merely constitute credit or book transactions. Against this reserve the banks could inflate credit tomorrow to the unprecedented heights of 106,000,000,000 credit dollars. If this were done, it would produce another crash compared with which the 1929 collapse would be insignificant. It is therefore wise to substitute a reasonable quantity of hard cash, backed up not only by the credit of the Government but also by metallic base for some of the phantom credit money which is like the "borealis race, which flits ere you can point its place, or, like the snowflake in the river, a moment white, then melts forever." Certainly a citizen would rather have a legal-tender silver certificate backed up by the credit of the Government and a sufficient quantity of silver in the Treasury in his pocket, in the bank, or as a reserve for his deposit than to have the phantom credit money which may disappear overnight. Now, I am not advocating that we relegate our elaborate credit machinery and substitute a cash economy in its place. I realize that a large part of our business will have to be conducted with credit money, but I am advocating a larger percentage of cash money, not only as a medium of exchange but also as a larger reserve for credit dollars.

Those who term the certificates under this act as unsound money forget that it was the Constitution that made silver just as much money as gold. They forget that the Federal Reserve bank notes issued under existing laws do not have either gold or silver behind them, and that prior to revaluation gold was only back of Federal Reserve notes to the extent of 40 percent of the face value of such notes. With silver at 64½ cents an ounce, these silver certificates will have more intrinsic metallic value behind them than the Federal Reserve notes had before revaluation and than any currency, with the exception of silver certificates, now has.

While I do not subscribe to the extreme view that the volume of money and the velocity of its turn-over absolutely control the price level, and while I believe that there are other important factors that enter into the determination of the price level, I certainly believe that cash and credit money and the velocity of turn-over of both are very important factors in the establishment and maintenance of the commodity price level and property values.

STABILIZATION FUND MUST BUY SILVER

There is another strong reason for the enactment of this bill. Not long ago we passed the gold revaluation bill. We embarked upon the policy of purchasing gold on the markets of the world at a premium in excess of 40 percent above the world-market price of gold. By bidding $15 an ounce more for gold than the statutory price of $20 plus per ounce, which had prevailed in this country as well as in the world at large for many decades, we depreciated the purchasing power of our currency in the foreign markets to the extent of 40 percent. In other words, we said that an ounce of gold was worth $35 in our paper money; therefore, those who wanted to purchase our surplus products could take an ounce of gold and for this ounce acquire $35 in our paper money. Since the price of our surplus products remained approximately the same, those who got $35 for our paper money for an ounce of gold, for which they could formerly get only $20 plus, were enabled to purchase 40 percent more of our surplus products with an ounce of gold than they previously could. By putting it different, they could buy our surplus products 40 percent cheaper.

This did not mean that the American exporter of the surplus received 40 percent less. He got the same thing for his products as he did before revaluation and he sold more products. Although our currency, in terms of gold, had 40 percent less purchasing power in the markets of the world, it had approximately the same purchasing power in the United States. Now, I am not criticizing the gold-revaluation policy. As a matter of fact, it stimulated our export trade in excess of 33⅓ percent. I introduced one of the first gold-revaluation bills in Congress and had a hearing on this bill nearly a year before the administration's gold-revaluation bill was passed by Congress. This important and far-reaching gold-revaluation bill was referred to the Coinage, Weights, and Measures Committee, upon which I have the honor to serve, and I supported the bill in the committee and on the floor of the House. In fact, I opened the debate in favor of the bill. But the failure of the Treasury to issue new currency based upon this increased value of our gold monetary stock deprived us of the full benefits of this act insofar as our internal price level is concerned. The inability to secure gold at any price on account of its scarcity and maldistribution limited the extent to which our export trade was stimulated. Under that bill we created a stabilization fund of $2,000,000,000 for the purpose of stabilizing the purchasing power of our dollars on the markets of the world and restoring the normal purchasing power of our dollar as compared with other currencies. England had been operating the equalization fund for several years very successfully. By purchasing our dollars with this fund England was able to decrease the supply of our money and increase the demand for it, with the inevitable result that the purchasing power of our dollar rose very high in relation to other currency, and especially the English sterling. In this way England made our money dear and her money cheap and our money scarce and her money plentiful, with the result that the foreign buyers purchased the products of the British dominions and our export trade fell off tremendously.

In fact, our agricultural export trade fell from $1,800,000,000 in 1928 to four hundred millions last year, and we were being driven out of the markets of the world, and other nations with cheaper money were taking our place. Now, in order to keep our money from becoming too dear or too cheap we must either buy gold at a premium to force our dollar down or sell gold on the markets of the world to bring our dollar up, and if we do not buy gold we either have to buy silver or paper currencies of other nations. We cannot afford to buy paper currencies of other nations, because if we were to invest a billion dollars in the currencies of France, Italy, or England, they would probably depreciate those currencies, with the result that we would lose millions of dollars. We cannot buy gold, as I stated before, because of its scarcity and maldistribution. The gold supply of the world is locked up in the vaults of three nations, and no matter how much we bid for it, these nations are not going to let us have it. Besides, the more we buy the more we increase the maldistribution or dislocation of gold and aggravate world conditions. There is, therefore, only one other metal to purchase, and that is silver. While the total supply of gold in the world is limited to a billion ounces, and this supply is cornered by three nations, this is not true of silver. There are approximately 12,000,000,000 ounces of silver in the world, and it is fairly well distributed among the nations of the earth. Of course, the bulk of it is in China and India, but there are some four or five billion ounces in the rest of the world. Not only can we purchase silver with our paper currency and thereby make a success of our gold-revaluation policy, but we can purchase silver at the lowest price ever known in the history of the world, with the exception of a few months ago, when silver was only worth 25 cents an ounce. Not only can we purchase silver cheaply, due to the abnormally low price that prevails, but when we remove from the markets of the world a billion ounces of silver, the world price of silver will rise and we will make a tremendous profit.

The reactionary contends that there is too much silver in the world to raise its price by removing a billion ounces. Since Columbus discovered America there have been only 15,500,000,000 ounces of silver produced in the world, according to the report of the Federal Reserve Board and the Director of the Mint. Of this amount we can only locate about 9,400,000,000 ounces, and the most liberal estimate puts the amount of silver available for monetary uses at 12,000,000,000 ounces. While we cannot definitely say how much silver there is in the world, we can say that the statistics in regard to the production and consumption of silver are more accurate than with regard to gold. Gold was produced more easily in the early ages because it could be removed from gravel in the form of nuggets and dust, and by placer mining in various forms, even with a frying pan, whereas most of the silver is found in hard rock, and until gunpowder was discovered some 400 years ago the process of breaking rock was a very slow and expensive one. But we are told that if we purchase 1,300,000,000 ounces of silver we will increase the demand for silver and cause overproduction. Seventythree percent of the silver production of the world is a by-product in the production of other metals, such as copper, lead, and zinc. The increased price of silver without a corresponding increase in the price of other metals with which it is associated would not justify any great increase in production. Even in 1920, when the price of silver was higher than at any time since 1873, the world produced considerably less silver than in 1930 or 1931, when the price of silver was the lowest ever known in the history of the world. The unprecedented low price of silver in the past few years was not due to overproduction but rather to oversupply coming from such unnatural sources as the action of the British Government in forcing India off the silver standard and in melting up her silver coin into bullion and dumping this bullion upon the markets of the world, and the actions of other governments in debasing the silver, using substitutes for silver in circulation, reducing the silver content of the divisionary coinage in countries like Great Britain, and so forth. It is admitted by every careful student that the silver question is not one of current production or new silver.

The supply of silver on the market has in post-war years been greatly stimulated by large amounts of redundant silver sold by governments. The highest production for any one year was 260,000,000 ounces. Although the revenue derived from silver alone from most of the mines in the United States is not very large in comparison with the revenues derived from the other metals with which silver is associated, yet it is an important item in the cost of production of the other metals. Experts tell us that in most metallurgical processes that treat ores low in silver, the silver content is finally concentrated in the impure metal bullion without additional costs. The refining of this impure bullion frequently is necessary owing to impurities other than silver so that the final recovery and purification of silver is accomplished with comparatively little cost. The revenue thus derived from silver in ores low in silver is, therefore, an important factor in the profits of metal ores and will enable the producers of the other metals with which silver is associated to sell their products more cheaply. These other metals are very important to the industrial progress of the United States. The cost of these other metals is an important factor in the modernization of railroads by electrification and in the improvement generally of industry. But although as an incidental consequence of this bill the silver mines will be helped some, and will be able to put more men to work and sell their products cheaper to industry, the purpose of this bill is not to help the silver mines and the silver-producing States. I do not have any silver mines in my district or in my State, and I do not own one dollar of silver or silver stock in the world; and if this bill had no other purpose except to help the silver States, I would not vote for it. An increase in the world price of silver would cause the rise in the real purchasing power of silver income, lighten the burdens of debt in silver-standard countries, and in countries in which silver is held in the form of bars or ornaments, such as India, as an investment, a rise in the gold value of silver is equivalent, so far as its buying power over goods is generally concerned, to an increase of capital. Due to the present low price, vast silver hordes in India and China in terms of gold are worthless and they are also worthless in terms of world commodities.

Therefore, when we increase the world price of silver we increase the real purchasing power of the millions of people of India who hold in the form of bars or ornaments their investment and capital; and when we restore their purchasing power they will buy the products of this country to a larger extent than now prevails. But if the fall in the gold price of silver continues, these people will eventually lose confidence in the white metal, and they will get rid of it, and this will contribute still further to the decline in the gold price of silver. Not only does the fall in the world price of silver hurt the silver-using countries, but it also injures the silver-producing countries. The United States, Canada, and Mexico produce 75 percent of the silver of the world, while Great Britain produces about the same percentage of gold. When the price of silver falls very low, the cost of the production of the other metals with which it is associated necessarily increases, which means less production, higher prices, and unemployment in the mines. In Mexico silver mining is an important element in the total industrial activities of the country. It constituted, on the average of 1925 to 1929, 17 percent of her exports. The tremendous fall in the gold value of silver reduced the importing capacity of Mexico, and therefore Mexico purchased less of our surplus products. Therefore, an increase in the world price of silver will mean that Mexico, with millions of people, will be able to purchase more of our surplus products.

Mr. Chairman, this bill comes to the House in the nature of a compromise as representing the limit to which the President of the United States is willing to go in the program of remonetization. We all know what the history has been during the present session of Congress. The Committee on Coinage, Weights, and Measures conducted exhaustive hearings on this question. So did the Committee on Banking and Currency. There has existed in the House, as well as in the other body, a division of opinion as regards the most advisable way of remonetizing silver. There are many schools of thought on this subject, as there are on practically every other subject, but the great difficulty has always been to compose those differences.

Those Members who view this bill as revolutionary, or unsound, do not stop to consider that the proportion of silver to gold in the Treasury of the United States today is only 12 percent, whereas in 1900 it was 27 percent, and prior to 1900 the proportion of metallic silver to metallic gold in the Treasury of the United States was 50 percent. So this bill is a restoration of the normal proportion that existed up until a comparatively recent time between silver and gold.

The gentleman who preceded me seems to think that this bill is an effort to give the country an unsound currency. Let me say to the gentleman that in 1929 the bank-deposit turn-over was twelve hundred billions of dollars—that was the checks, or the total volume of business as represented by check turn-over. The peak of 1929 was decreased until last year the check turn-over amounted to about four hundred and forty billions of dollars. That caused perhaps the greatest deflation ever witnessed by this or any other country.

So there was a tremendous deflation in our circulating media in the United States. As the result of that values on the stock market fell from $84,000,000,000 to $15,000,000,000, and according to estimates of certain economists the total property values of the United States shrunk $200,000,000,000.

The certificates issued on this silver will not be unsound because there will be behind these certificates more metallic reserve than there is behind the Federal Reserve bank notes today, for under laws passed by Congress we have back of the Federal Reserve bank notes today securities and collateral, but no gold. Prior to the revaluation of gold there was behind our Federal Reserve notes 40-percent gold. We will have behind these certificates, if silver reaches the price of 64½ cents an ounce, more intrinsic value than we have behind the Federal Reserve notes.

Mr. Chairman, this bill is a mandatory expression to the President of the United States by the Congress that it is the wish and determination of Congress that the reserve of silver in the Treasury of the United States be built up until it reaches 25 percent; and I say to the Members of the House, as I said to the Committee on Ways and Means, that it would be a most serious mistake, in my judgment, for the President of the United States to accept a bill of this character, to procure a compromise of this character, to give assurances that he will make a bona fide effort to carry it out, if he does not intend to do it. I for one prefer to have confidence in the Chief Executive of this Nation; and I, therefore, feel confident in making the prediction that the President of the United States will exert every reasonable effort to carry out the purposes and intent of this bill. [Applause.]

If the President does carry out the intent of this bill, there will be as much silver added to the stocks in the Treasury of the United States as there would have been under the Fiesinger bill or any other silver purchase bill that has been proposed in the House of Representatives, with the possible exception of the bill introduced by my colleague, the gentleman from Texas [Mr. CROSS].

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. DIES. Before I get through I will yield to the gentleman.

In the United States there could not be a safer money than money redeemable in a metal, for certainly as long as our currrency issue is tied to a metal and that metal is limited by nature and the metal cannot be unduly increased by the whims or caprices of those in charge of the Government or in obedience to political pressure, we have money that not only has the credit of the Government behind it but we have money that has an intrinsic value behind it as well.

There are gentlemen who talk of inflation, gentlemen who throw their hands up in horror and view this bill as the beginning of a great inflationary period in the United States. They should remember that today we are suffering from the most disastrous credit inflation the world ever witnessed. Of all kinds of inflations that have occurred, the most disastrous kind is credit inflation, because back of the credit money that we have in the United States is nothing but thin air.

The First National Bank wants to create a reserve of a million dollars in a Federal Reserve bank. It does not ship gold to the Federal Reserve bank. It gives its check on some other bank, and through a bookkeeping account there is built up in the Federal Reserve System a credit of $1,000,000 upon which is erected the credit structure, and for every $10 of reserve the bank that holds the reserve is able to lend you and I $100. Through this fictitious process we are able to erect a gigantic colossus of credit that is on a narrow foundation; and when confidence is destroyed—for after all confidence is nothing but suspicion asleep—the whole colossal structure falls upon a moment's notice. Therefore, we are giving to the country, under this bill, a sound currency, a currency that not only has the credit of the Government behind it but has a metallic basis. The time has come when we must erect as a foundation for our credit and currency structure a sound metallic base.

Had we during the abnormal period that culminated in the crash of 1929 insisted that as a foundation for our credit and currency structure there should be a broad metallic base, and had we by our laws and by the operation of the Federal Reserve bank made it impossible for speculators to use the Federal Reserve bank until the loans to brokers alone increased 500 percent, there would not have been an unhealthy situation created. The loans to the brokers increased 500 percent, and the whole Federal Reserve System was used by the speculators in order to do what? To create an unhealthy condition of credit which ultimately resulted in the greatest deflation we have ever seen.

I say one of the principal purposes of this bill is to give to the people of the United States a new supply of sound money, money redeemable in metal, and may I also say that your silver certificates are the only kind of certificates today that are redeemable in metal. The silver certificates under the law today are the soundest currency that you possess, for your Federal Reserve notes now held by the banks are not redeemable in gold except at the option of the Secretary of the Treasury. Behind your bank notes and greenbacks, how much gold do you have? You have $1,700,000,000 of currency in the United States which prior to revaluation was not backed up and not supported by an equal value of gold. Therefore those gentlemen who seek to compare this bill with the Sherman Purchase Act and with the Bland-Allison Act are wrong. I concede that the Sherman Purchase Act was a bad law. It was a bad law because in the first instance it announced to the world that the Government of the United States was prepared to purchase 4,500,000 ounces of silver every month; and, then, it was a bad law because under the construction that the Secretary of the Treasury gave it—and he was not friendly to silver—he had to redeem the Treasury notes issued in payment for the silver in gold. What happened? Those who sold the Government of the United States silver and accepted Treasury notes went to the Treasury and redeemed the notes with gold notes and as a consequence we were being drained of our gold. When the Sherman Purchase Act was repealed it did not have a friend in the United States Senate or in the House of Representatives.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. DIES. Even those who voted against its repeal admitted that the reason they voted that way was because they were unwilling to repeal the Sherman Purchase Act unless some adequate substitute was offered.

May I say to the House that this bill does not, of course, represent everything that all of us would like to have.

Legislation is essentially a matter of compromise. Some gentlemen have pronounced views on this subject. They believe in a ratio of 16 to 1. Others believe in an unlimited purchase act, but when the other body and when the President of the United States indicate so strongly that they are unwilling to accept such legislation, you and I, necessarily, must reach some compromise with them.

Mr. PARSONS. I was in favor of that bill providing we could export agricultural commodities.

Will the gentleman yield for one further brief question?

Mr. DIES. I do not want to yield, but I will say that the gentleman has done some very excellent work on the silver question and I think the gentleman is one of the best-informed men in the House on this subject. [Applause.]

Some gentlemen are assuming that the President of the United States is not going to carry out the purpose of this bill. They assume that when the President accepts a bill which is mandatory in its nature and when he gives assurances that he will use every reasonable effort to carry it out, the President is not going to do so. I am assuming that the President will do so, and when you and I voted on the gold revaluation act that came to our committee, we realize that it was discretionary with the President of the United States; that we did not devalue the gold content.

What we did, in effect, was to authorize and direct the President to do so, and the President promptly did so; and I believe that, under this bill, expressing as it does a mandatory intention and determination of Congress, the President of the United States will carry it out; and I further say to the gentlemen of this House that, under the operation of this bill, if the President issues currency to the fullest extent possible, we will give the people of this country a sound currency; not like the phantom money that we have had in the past 10 years, not money that can be withdrawn overnight, not money that disappears suddenly, but money that will stay in circulation and a money that will be sound in every respect. I believe in giving the Nation money of this sort which is backed up with an adequate metallic base and a money that cannot be unduly increased or decreased.

The gentleman from Texas [Mr. CROSS] is the first man, to my knowledge, in the House of Representatives, to introduce a bill for the purchase of silver and the issuance of silver certificates in payment for it [applause] and the redemption of those silver certificates with silver. After the introduction of this bill similar bills were introduced in both Houses and Mr. CROSS of Texas has contributed a great deal to the success of the silver movement. I also wish to take advantage of this opportunity to congratulate my able and distinguished colleague, Mr. SWANK, of Oklahoma, who has been a most valuable member of the Committee on Coinage, Weights, and Measures. As a member of this committee, Mr. SWANK supported my bill actively in season and out of season and moved the favorable consideration of the bill. No man has contributed more to the success of silver remonetization than Mr. SWANK. The Committee on Coinage, Weights, and Measures has rendered invaluable service to the remonetization of silver. This committee conducted extensive hearings over a long period of time, and the activity of this committee is largely responsible for the progressive monetary policies that are being put into effect.

The gentleman from Ohio [Mr. FIESINGER], the gentleman from Utah [Mr. MURDOCK], the gentleman from Idaho [Mr. WHITE], the gentleman from Illinois [Mr. ADAIR], the gentleman from Nebraska [Mr. CARPENTER], and the distinguished chairman of the committee, Mr. SOMERS of New York, have all worked very hard and contributed a great deal of thought and time to this subject. The distinguished gentleman from Ohio [Mr. LARRABEE] has been one of the hard working and valuable members on the committee; and, without seeking to advance any bill of his own, he has cooperated to the fullest extent in an effort to remonetize silver in the most practical way. I cannot overlook the splendid help and the active advocacy contributed by the distinguished gentleman from Colorado [Mr. MARTIN], and the distinguished gentleman from Nevada, Governor SCRUGHAM, and my friend and colleague the able gentleman from Texas, Mr. SANDERS, who have been outstanding leaders in the silver movement in Congress. There are many others that I should like to mention by name, but time will not permit. However, it must be remembered that had it not been for the invaluable help given us by the Speaker of the House, the silver question would never have reached Congress for consideration. The distinguished Speaker of this House has for a long time been an advocate of silver remonetization and, on March 19 of this year, he recognized me to call up my silver bill. Had it not been for the attitude of the present Speaker it is reasonable to say that we would not have had any silver legislation during this session, and perhaps not for many sessions to come. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, the excellent presentation of his views by the gentleman from Texas [Mr. DIES] failed to take into account certain aspects of the problem, which may perhaps usefully be brought to our attention.

The House of late has been indulging in the practice of deluding the people of the United States. For example, the other day it passed a bill pretending to make relief possible for unpaid teachers in school districts, which, as a matter of fact, will bring no benefit to any school district outside of Chicago.

It also has sent over to the Senate a substitute for the McLeod bill—another gold brick—which will hold out possibility of relief to depositors in distress, but will fail to accomplish in any substantial degree what has been represented to be the purpose.

Here is another brick—not a gold brick but a silver brick—meant to delude a good part of the people of the United States into the belief that their hope of increasing the volume of currency will have been substantially met.

Mr. Chairman, I, too, believe in an adequate and sound currency, to be preserved at all hazards. The President of the United States on numerous occasions has expressed his belief in the same thing, and the Democratic Party, in its national platform, helped to secure a majority of the votes of the people of the United States by promising an adequate and sound currency.

So here once again I find myself clinging to Democratic principles while 9 out of 10 of the men on my right have abandoned them entirely.

Mr. CROSS. Will the gentleman yield?

Mr. LUCE. With great pleasure.

Mr. CROSS. Does the gentleman think that a currency that expands abnormally one day and contracts the next, as has happened in the past, is a sound currency?

Mr. LUCE. The gentleman would confuse the issue by failing to recognize that there are different kinds of currency. When the President spoke he was talking about cash currency, and to that I am now addressing myself. To have an adequate and sound cash currency is a great desideratum.

Let us consider the sources of demand for real action. First is the evident desire of a large number of inhabitants of the United States for printing-press or any other kind of fiat money. I will admit that this bill does contemplate increase of fiat money. It proposes to increase the number of coins that pretend to be worth a dollar. The intrinsic value of the metal content of a silver dollar is today about one-third of a dollar. Fiat money is money the intrinsic value of which does not correspond to the allegation on the disk or the printed slip.

I am not worrying much over that. I do not care whether you have fiat money of tin, aluminum, leather, or paper as long as you admit that it is fiat money and will keep it redeemable in sound money.

Mr. CROSS. Mr. Chairman, will the gentleman yield?

Mr. LUCE. With pleasure.

Mr. CROSS. If you take from gold the statutory provision that so many grains shall be legal tender for all debts payable, public and private, then its intrinsic value will drop down to possibly one-fourth of what its fiat statutory value now is, would it not?

Mr. LUCE. Oh, I could not accept that statement.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. VINSON of Kentucky. I am very much impressed with the frank statement of my distinguished colleague in regard to fiat money. I do not think I could have misunderstood him. Assuming that we had a Federal Reserve note before we went off the gold standard, do I understand the gentleman to say that so much of that Federal Reserve note as is backed by collateral other than gold itself would be fiat money?

Mr. LUCE. No; that would not be fiat money, because it is credit currency backed by what is presumed to be equivalent value.

Mr. VINSON of Kentucky. Does the gentleman mean to say that that part of the Federal Reserve note that has for its backing commercial paper—that would put it outside of the category of fiat money?

Mr. LUCE. I do.

Mr. VINSON of Kentucky. In other words, then, the gentleman makes a distinction between a Federal Reserve note with 40-percent gold reserve, with 60-percent commercial paper, and such currency that is issued against a Federal Government obligation alone?

Mr. LUVE. To my mind a sound but adequate currency means a currency that has behind it and will be exchanged for it value in exchange corresponding to the purport of the face of the metal or paper in question.

Mr. VINSON of Kentucky. Then the gentleman does not define fiat money as that money or currency that does not have a metal reserve for redemption.

Mr. LUCE. I define fiat money as anything which is an untruth.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. SIROVICH. On the basis of my colleague's contention on the Federal Reserve note, where you have 40 cents of gold and 60 cents credit of the Nation and credit of the banks behind it, if everybody called for their money at the same time, you could only get 40 cents gold and the rest would be fiat money. Is that right?

Mr. LUCE. I shall repeat the story that I told before about the undertaker who was asked why he kept so few coffins. He replied that the people did not all die at once. [Laughter.]

Mr. SIROVICH. That is what happened a short while ago when the collapse took place.

Mr. PATMAN rose.

Mr. LUCE. Now, if I may continue my remarks——

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Oh, I wish to carry on the liquid, pellucid flow of my remarks. [Laughter.] I had started out, I believe, to name the sources of the demand for this legislation, and began with the masses of the people who in all ages have believed that they would be better off if they had more money, forgetting that they would have to work in order to earn it. They want the dole system upon which we have so broadly embarked extended to doles of paper and silver money.

The second source of demand for this is from the mine owners of the country, and here I am not resisting with any hope of success, because we have entered upon a period when the prime purpose of the party in power is to gratify the demand of groups and classes, and that group and class which can shout the loudest is the one that carries home the bacon. With bill after bill granting special privileges to various classes, I can understand how my friends out in Nevada and Arizona and Idaho do not want to be left out in the cold. They have been coming here year after year for a generation, demanding special privileges, and surely it would be cruel to thwart them, now that they have their opportunity to get their hands into the barrel.

The third source of demand for this legislation comes from far-sighted enterprisers—men who, for the most part, ninety-nine times out of a hundred, are damned, are objurgated—that is a pretty good word, is it not?—are roundly abused because their offices are in the neighborhood of a street in New York known as "Wall Street." I think these particular people have their headquarters nearer Broad Street, and so you can substitute Broad Street for Wall Street if you should take a hint from what I am pointing out and, when you get your eyes open, you will recognize as having been a big factor in what you are doing today. These men are among the chief backers of an organization known as "the Committee for the Nation", and they have been sending their propaganda here for months, urging among other things that something be done for silver. These of the chief backers are mostly brokers—brokers in exports and imports, and brokers in metals. It is in passing to be observed that the most active element in that group has been a brokerage firm patronized by the Radio League of the Little Flower, which undertook to lift $20,000 up to near $200,000 by resorting to what, in effect, is buying on margin.

I understand the money raiser of that organization, the Radio League of the Little Flower, roundly objects to speculation and gambling. I wish he might have made himself better acquainted with what his secretary was doing. Possibly he remembered the scriptural injunction, "Let not your left hand know what your right hand doeth."

Turning from the men who hope to make money out of this thing, observe the generosity of those who have shaped the bill.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. LUCE. There is an old saying, "It is a sin to steal a pin, it is a greater to steal a 'tater." Here is a 50-percent—shall I call it steal—on the part of the Government, taking away 50 percent of the profits that are going to be made out of the passage of this bill. Perhaps that may be justified on the ground that 100 percent, taking it all, would be inhuman.

How cruel it would be, after this great amount of money that the silver speculators have expended on propaganda, after all the printer's ink they have put out, if you should deprive them of all possible profits they had in mind. So I will not criticize that, out of consideration for, out of charity for those who have been building up this movement. I expect that you will only take half of what they make out of it. Imagine my own perplexity as to the ethics of the matter.

I do not think this bill is of grave importance. I recognize that it is nothing but a delusion, that it was perpetrated in order to try to stave off something worse; so, as good pragmatists, the gentlemen on my right have accepted a thing they know is nothing but a shadow. However, there is one man in the United States who does not take that position, for on the 2d of May, this month, the New York Times published this:

> The bill for the mandatory remonetization of silver is probably the most destructive and dangerous proposal ever made at Washington.

Which one of the conservatives and reactionaries do you think made that statement? Whom will you pillory? I will tell you whom you may pillory. That was the opinion of Raymond Moley [laughter], editor of Today and the original member of President Roosevelt's "brain trust." What are you going to do when you find a house divided against itself; when you find a member of the "brain trust" saying this is probably the most destructive and dangerous proposal ever made at Washington, and the other part of the "brain trust" saying that only through this door may we start toward salvation?

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. LUCE. Oh, certainly.

Mr. VINSON of Kentucky. What is the date of the statement which the gentleman just read?

Mr. LUCE. May 2, 1934.

Mr. VINSON of Kentucky. Does the gentleman think Mr. Moley could have been referring to a bill that had not been introduced until May 23, 1934?

Mr. LUCE. I am not disposed to deny the power of foresight to the "brain trust." [Laughter.]

Mr. Chairman, I think I had better stop there. I ask unanimous consent to revise and extend my remarks. [Laughter and applause.]

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. LUCE. Mr. Chairman, I yield back the balance of my time.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, this bill, as I view it, is the fulfillment of the political promise of the President to the silver interests of the United States, wherein he promised he would do something for silver. There is a question in my mind, however, as to whether or not there is the relief which the silver interests of the United States expect and demand in this particular bill. It is in line with a policy which has been carried on for a long time past, to involve the United States in international affairs. Silver is an international product. It is quite in keeping with the plans of the Bank for International Settlements, of Basel, Switzerland, which I have been calling attention to from the time it was organized. Their purpose now has not changed in any particular. They still have in mind that at the opportune time, which time they are waiting for, that there will be an international circulating medium, and that medium will be issued and controlled by the Bank of International Settlements. If this bill is carried out, it will take away from the monetary reserves, which have always been held sacred in this country, 25 percent of the gold and will substitute silver, which is a highly fluctuating metal in the world's markets and in the world's exchanges, and if this silver is purchased abroad the Treasury will have to pay for it in gold. This, then, will be an exchange of our gold for silver. It continues the uncertainty which we are in the midst of, due to these experimental policies which are being carried out by this administration. To the extent of 25 percent, it decreases the confidence of the public in our monetary system.

We are now beginning to realize the fact that the gold bill and other measures which were passed at the last session of Congress and at this session dealing with our monetary policy, are all creations of uncertainty, and none of them is scoring the record which the administration promised the country. The lowering of the gold content of the dollar by 40 percent has not increased agricultural prices 40 percent and the advocates of this plan are now crying for an additional 10-percent cut in the gold content of the dollar.

In connection with the lowering of the gold content of the dollar by 40 percent which was authorized in the bill passed last January, and now the actually taking away of 25 percent of the gold reserves as provided in this bill, and the still further possibility of the lowering of the gold content of the dollar by 10 percent more, the remarks of a friend to me the other day are quite pertinent when he asked: "What punishment will be meted out to President

Roosevelt when his empire collapses? " referring of course to the juggling of the monetary policy and the political-economic planning schemes which this administration are carrying into effect. His further queries were: " If President Roosevelt was in charge of a warehouse for wheat would he issue certificates of wheat on deposit in the warehouse in excess of the wheat stored therein? Should he be permitted to print and use those fraudulent certificates so issued in the purchase of other wheat? Would reducing the content of the wheat in a bushel enhance its value? Would a half bushel of wheat still be a half bushel? If President Roosevelt could increase the supply of wheat in the warehouse 2,000,000,000 bushels by reducing the amount of wheat in the bushel 40 percent, then why not do it a second time and increase the amount of wheat in the warehouse 4,000,000,000 bushels or 80 percent? If a little is good, more is better? Are our farmers not a lot of fools for all this labor planting and sowing when they could give their wheat to President Roosevelt and have him juggle it in the warehouse and thus increase the amount which would be equal to raising a crop of wheat? These are pertinent questions that my friend has raised and are pertinent to this very bill under consideration.

One thing I regret in connection with this particular legislation is the fact that the Members of this House and Senate who are asked to pass upon this are taking a leap in the dark. I venture to say there is hardly a man in this House who understands the meaning of the proposal in this bill. We have evidence of the fact that those who are in charge, officially, of the administration of this monetary policy even themselves have not the knowledge to administer it. The arguments which have been presented by the President of the United States in connection with these matters, do not indicate a knowledge of where these monetary policies are leading us. The Secretary of the Treasury has demonstrated before the committee of this House, dealing with these monetary policies, a lack of knowledge to administer these complicated systems which are being foisted upon the people of the United States. Men apparently behind the scenes, who are not even now known to the people of the United States and who are in the capacity of employment there and who even Members of Congress do not know, are the definite source or origin of this bill.

One of the main things that will reestablish business in the United States is confidence. The consideration and passage of ill-advised bills by the Congress, without the knowledge necessary to intelligently pass upon them, and the blind acceptance of these bills as coming from the so-called " brain trusters ", is anything but tending to restore confidence in the mind of the American people now that they know these things are taking place. Under the gold bill we established in the hands of the Secretary of the Treasury $2,000,000,000 in gold for the purpose of speculating in international exchanges, for the purpose of buying and selling Government securities, for the well-known purpose of maintaining a market, but at the present time we must all recognize the fact that the great power and influence not only of this fund but of all the resources of the United States through the Treasury of the United States are being used to maintain the market on Government securities at this time. The market on Government securities is pegged by the United States Treasury. Lavish expenditures by this administration of the taxpayers' money, the increase of public debt, is all tending to commotion in the minds of the average American, and has a tendency to weaken confidence. This tendency to violate contracts, and the definite trend toward repudiation of debts, which is a definite policy of this administration, is becoming more apparent each day. This bill is a plan of further repudiation—it permits the settlement of debts in an inferior money and reduces the gold content or reserves of our present dollar and substitutes silver to the extent of 25 percent. All of these changes in the value of our dollar gives our merchandise and the production from our farms to the foreigners at a still further reduced price and likewise reduces the amount this Government will get on war debts and other debts that are owed to our people.

Once the American mind wakes up fully to the fact that these monetary measures are unsound, impractical, and experimental, the American people will lose confidence in their Government. My friends, this is a false proposition that you are considering here today. It will undermine the confidence of the American people, and of the foreigner, in the stability of our money and in our credit system and in our Government.

The origin of this bill has been interesting to me. It seems to come from nowhere, is presented and is accepted by the Congress as an official document. No one yet has advised us, except privately, as to the authorship of this bill. Men who have studied this question, Members of this House, have expressed themselves to me that the origin of this bill was not in the United States, but in Great Britain. Is it possible that again today, after the experience of 1873, we are accepting, as we do accept, in the form of this legislation a dictation from Great Britain? Great Britain is not placing silver in her monetary system. She knows better.

Mr. DOUGHTON. Mr. Chairman will the gentleman yield?

Mr. McFADDEN. I am very sorry, but I am pressed for time.

Mr. DOUGHTON. The gentleman has made a very serious charge. If the gentleman has no authority for his statement that the origin of this bill was not in the United States, he should retract his statement; and if he has authority for his statement, he should tell us what his authority is. I think I am prepared to tell the gentleman where the bill originated.

Mr. McFADDEN. The gentleman from Pennsylvania is confining himself to what he knows. About 3 years ago, when I was Chairman of the Committee on Banking and Currency of this House, there came to my office a man who represented the international silver interests. He came fresh from London and suggested that the way to deal with the silver situation and to restore prosperity to the world was to restore the purchasing price of silver; and he suggested to me that in the gold reserves in the Treasury or the Federal Reserve where the gold bars were stored, that we should cut off 25 percent of the gold and paste on 25 percent of silver. That is the plan apparently adopted here today.

That gentleman was so clever as a propagandist that he secured employment as the expert on the Committee on Coinage, Weights, and Measures of this House. His name is Rene Leon. He represents and is the real lobbyist of those who are interested in raising the price of silver, and I have no doubt but those men who have speculated in silver had advance information. England was very much interested in unloading the silver which had been poured into India when she put India on a gold basis. She is interested to dispose of that silver now. Just as we have become the world's market for gold, we are now going to become the world's market, at the increased price, for silver. India is selling us her abandoned silver now, not at the old price of around 20 cents, but at the new price created by the speculators who had inside information, like James P. Warburg and Bernard M. Baruch, whose concerns have made big profits in the speculation in silver. This action today, and the actions of the speculators, have increased the price of silver to over 46 cents per ounce, and the end is not yet.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER of Tennessee. Mr. Chairman, I am duly mindful of the fact that time for debate on this measure is rather limited. I realize fully that there are many Members who desire an opportunity to express their views on the measure, and I shall ask your indulgence for a short time only.

It has been rather interesting to observe some of the remarks made by distinguished gentlemen who raised their voices in opposition to the measure. The gentleman from Pennsylvania, who has just spoken in opposition to the bill, seems to have considerable doubt in his mind and to be worried to a great extent as to where the bill originated. For anybody who has taken the time to inform himself as to this legislation, anybody who has even glanced at the hearings on the bill, there could be no reason for any doubt as to where the bill originated or who drew it. The hearings speak very clearly and definitely. I asked Mr. Oliphant, counsel of the Treasury Department, who appeared before the committee, if he participated in the drafting of the bill, and he said "Yes." The bill was drafted down here in the Treasury Department.

The gentleman from Pennsylvania expresses considerable concern about what some former employee connected with the Committee on Coinage, Weights, and Measures might have done—a man who had some conversation with the gentleman several years ago. This bill was introduced and immediately referred to the Committee on Ways and Means. So far as we are informed, no former employee of the Committee on Coinage, Weights, and Measures has had any connection either directly or indirectly with this measure. This simply brings us to the conclusion that when gentlemen are without any sound reason or excuse for raising their voices in opposition to legislation they resort to the scheme of trying to raise straw men in order that they may knock them down. Now, there is not any doubt as to the origin of this bill or the purposes to be accomplished by the measure.

I listened with considerable interest to gentlemen on the other side of the aisle who spoke in opposition to the measure and who quoted with much interest and emphasis the remarks of a great Democratic President, Grover Cleveland. I yield to no man in admiration and respect for that great Democrat who was President of the United States when I was born; but, my friends, I am far more interested as one charged with some degree of responsibility in this body today, far more interested in the policies, and views, and program of Franklin D. Roosevelt than I am in those of Grover Cleveland 40 years ago. [Applause.] Several Members have made reference to the utterances of President Cleveland, but I respectfully submit that the important question that should challenge the attention and the thoughtful consideration of the Members of this House are the conditions in which we find ourselves today and what we are going to do to meet and remedy them.

The pending bill comes to the House in response to the message of President Roosevelt of May 22. In that very able document the President sets forth in clear and definite terms the reasons and necessities for this measure. It is in the interest of agriculture and the whole country and should be enacted promptly.

The bill contains certain mandatory provisions affecting the metallic base of our monetary system. In substance it provides that there shall be a purchase of silver up to the point that silver shall equal 25 percent of the total metallic base of the currency; in other words, it establishes a ratio of 25 percent silver and 75 percent gold. The bill provides that certificates shall be issued by the Secretary of the Treasury backed up and supported by this silver. The bill also contains certain safeguards which will make the plan and program effective, make it safe, and make it conform absolutely to the Democratic platform pledge of a sound currency for this country.

Mr. CULKIN. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield to the gentleman very briefly.

Mr. CULKIN. Of course, the time is brief, but the gentleman is on the committee, and I desire to propound an inquiry, and I think the House has a right to have an answer which it has not had as yet.

Mr. COOPER of Tennessee. State it, please.

Mr. CULKIN. There are 100,000 people employed in the metal industries where silver is used. It is stated that this bill will put them out of employment. May I ask the gentleman if that is a fact or not?

Mr. COOPER of Tennessee. I am confident it is not a fact. I assume the gentleman refers to commercial silver.

Mr. CULKIN. Yes! commercial silver.

Mr. COOPER of Tennessee. Oh, no; it will not have any such effect.

Mr. CULKIN. Would the gentleman be in favor of an amendment expressly stating the fact that it shall not apply to commercial silver?

Mr. COOPER of Tennessee. I do not think there will be any trouble about that matter. In fact, consideration is being given to some amendment of that kind. I conferred this morning with a representative of the Treasury Department, and if it is thought that there is any room for doubt or necessity for a clarification along that line I feel confident it will be offered.

Mr. CULKIN. The gentleman understands we are passing this legislation in a hurry and these 100,000 people should not be jeopardized.

Mr. COOPER of Tennessee. I understand the point the gentleman has in mind and it is being given attention.

Mr. MALONEY of Connecticut. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield to the gentleman from Connecticut.

Mr. MALONEY of Connecticut. I come from the largest silver-manufacturing city in the world. It has been my understanding that the situation just referred to has been taken care of in this bill, but I should like to have the gentleman's reassurance along that line.

Mr. COOPER of Tennessee. I do not think there will be any trouble about that at all.

Mr. SAMUEL B. HILL. We are going to look carefully into any amendment that may disturb the uniformity of this tax and render the whole thing illegal. The manufacturers are not being taxed in this bill.

Mr. COOPER of Tennessee. I do not think there is any reason to be fearful of trouble on that score. I am sorry I do not have time to go into detail; but if the gentleman will examine the hearings he will find that numerous questions were asked, especially by our distinguished colleague from Massachusetts, Mr. McCormack, on that very point. I do not have any doubt or fear along that line.

Mr. TERRELL of Texas. Will the gentleman yield just for a question?

Mr. COOPER of Tennessee. I yield to the gentleman.

Mr. TERRELL of Texas. I think this question is important, because it has not been made clear. It was stated that we would cut off part of the gold base and add to it the silver base. Does this bill propose to cut down the gold and add enough silver to it in order to keep up the amount of gold that we have on hand?

Mr. COOPER of Tennessee. I do not understand this bill affects the Gold Revaluation Act at all. At the time the President sent his message here in January calling for the Gold Revaluation Act, he indicated at that time that further consideration should be given to the silver question. It is very definitely shown in the hearings on this bill that this is part of the plan that was adopted and inaugurated at that time.

Mr. VINSON of Kentucky. If the gentleman will yield, referring to the inquiry propounded in regard to commercial silver, may I say it was stated to our committee that the users of silver commercially bought their silver from the mine. When they buy it from the mine the market price of the newly mined silver is the cost of production. There is no tax paid upon this newly mined silver because of that fact, and consequently commercially used silver will escape payment of the tax because it is purchased from the mine.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. COOPER of Tennessee. I was going to follow up the remark I made to the gentleman over there by calling his attention to the point raised by the gentleman from Kentucky. It is very definitely shown by the hearings on this bill that this does not in any way affect newly mined silver. In fact, the bill clearly shows that the newly mined silver now being delivered to the Treasury under the proclamation issued by the President will not be disturbed or affected by the passage of this bill.

Mr. PARSONS. Will the gentleman yield for a question?

Mr. COOPER of Tennessee. I yield to the gentleman for a brief question.

Mr. PARSONS. Will the gentleman point out the language in the bill that specifically exempts the newly mined silver?

Mr. COOPER of Tennessee. It is in the bill, and the gentleman may find it there.

Mr. PARSONS. I have searched in vain for it. It is in the hearings, but not in the bill.

Mr. COOPER of Tennessee. If the gentleman will read the hearings, he will see that the man who drafted the bill states it is amply covered in the bill, because we asked him those identical questions.

Mr. GIFFORD. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. The gentleman spoke of the gentleman from Massachusetts [Mr. McCORMACK] having in mind an amendment to the bill. I have read these hearings rather carefully, and I have read what it may cost the manufacturer who uses the silver. The question by the gentleman from Massachusetts [Mr. McCORMACK] in the committee brought nothing particularly satisfactory in reply. The gentleman from Tennessee says that these people need not worry, and that they buy direct from the mines. With this provision in the bill exempting them from paying the tax, would it be more difficult in the future for the manufacturer to get the silver from the mines? Would they not have to get it from the dealers?

Mr. COOPER of Tennessee. I think I have explained that point as fully as I can to the gentleman, with the limited time I have.

Mr. GIFFORD. The hearings are not enlightening on that point.

Mr. COOPER of Tennessee. The bill does not affect this newly mined silver that is now covered by the proclamation of the President of the United States. The commercial users of silver now get their supply from that source.

I shall not take much more time of the House, but I wish to discuss very briefly the tax provision of this bill as set out in section 8.

It is a matter of common knowledge that there has been agitation on this question for some time. It has been a live issue throughout the length and breadth of this Nation of ours. It is frequently stated that there has been some degree of speculation in silver. Some of the gentlemen who have spoken in opposition to the measure raised the question as to whether it is right for the Government to levy an excise tax of 50 percent of the profit that is made on this silver.

I maintain it is absolutely right and fair for the Government to do this, simply for the reason that this profit is being created by governmental action, and therefore it is nothing but fair and right that the Government should take part of the profit.

There is one other phase in connection with the tax and this is in response to the question raised by the gentleman from New York [Mr. TABER], that the tax should be 100 percent. I simply call the gentleman's attention to the fact that this suggestion of a 100-percent tax would, at once, close the silver market in this country and such steps should not be taken now. If later it became necessary, this could be done under section 6. In the meantime we may need the New York market in carrying out the purpose of this program and we should not be dependent solely upon the London market.

We must realize there are two outstanding silver markets in the world today. One is London and the other is New York. If we should levy a 100 percent tax so as to close the market in this country, naturally, we would be at the mercy of the London market in trying to carry out this program and I do not think any of us would seriously contend that this would be at all desirable.

This is a very important administration measure, and a part of the recovery program of our great President, and in the interest of the whole country. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, my first inclination was to vote for this legislation, because I believe if we were to go onto a bimetallic basis it would materially improve world commerce; and I am not unmindful of the fact that three-fifths of the people of the world live in countries that are on a silver basis, but when I got to looking over the list of speculators who have gone into the market and purchased millions and millions of ounces of silver on the strength of the passage of this legislation, it looked to me as though the whole thing had degenerated into a racket; and in voting for this legislation I would simply be voting to put millions and millions of dollars into the pockets of the big eastern banks and, in fact, the rich all over the country, who now hold all the free silver.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. BROWN of Kentucky. The gentleman knows that Mr. Sanders, the chairman of the Republican National Committee, is one of the purchasers?

Mr. KNUTSON. Yes; and I do not hold any brief for Mr. Sanders. I have noticed when it comes to gouging the Government, party lines are obliterated.

Mr. TREADWAY. Will the gentleman from Minnesota yield there?

Mr. KNUTSON. I yield.

Mr. TREADWAY. In view of the remark just made by the gentleman from Kentucky, is it not a fact that the office address of one of the chief silver Senators appears in this list?

Mr. KNUTSON. Yes; I believe so.

These people who are trying to profit at the expense of the Government——

Mr. McFARLANE. Will the gentleman yield?

Mr. KNUTSON. I cannot yield now.

Mr. McFARLANE. I think the gentleman ought to name the Senator since he has mentioned that fact.

Mr. KNUTSON. I did not mention him.

Mr. TREADWAY. It is easy enough to name him.

Mr. KNUTSON. I would put his name in the RECORD if the rules permitted my doing so.

Mr. McFARLANE. Well, name him.

Mr. KNUTSON. We cannot do that under the rules of the House.

Mr. McFARLANE. For the protection of the other 95 Senators, I think the gentleman should name the Senator he has in mind.

Mr. TREADWAY. If the statement I have made is challenged in any way, I may say that the office number of the Senator from Montana [Mr. WHEELER] appears in this list, published at the request of the Senate.

Mr. KNUTSON. I think every Member before voting on this legislation should secure this list and look over the names of the hoarders who appear in part 2 of the hearings. There are 50 pages of them and most of the big banks of the country are represented.

I am sorry a situation has arisen that will make it impossible for me to vote for this legislation, because I really feel we should go on a bimetallic basis in order to improve the commerce of the country, but I cannot vote to put millions and millions of dollars into the pockets of the silver speculators of this country, who are the big New York bankers. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Okhaloma [Mr. McCLINTIC].

Mr. McCLINTIC. Mr. Chairman, I venture to assert that there has been delivered more opinions on the silver question than on any one other subject that ever affected the American people, and it is only natural that the debate on this bill will bring out different viewpoints.

I do not profess to know very much about silver and when it is taken into consideration that there are four prices quoted for the same in its various uses, one can understand why the subject is difficult, yet I am sure that if the Members of the House could have attended the hearings and heard the able presentation made by the distinguished gentleman from Texas [Mr. DIES] that they would have been convinced that he had given the subject a lot of study and knew what he was talking about. I have come to the conclusion that the increase of the ratio of silver on the basis of one-fourth of the amount of gold now in our possession as a base for the issuing of currency would be extremely beneficial and for this reason I intend to support the bill.

I am particularly interested in one phase of the money question and that is covered in the bill I introduced yesterday, which was printed in the RECORD. It would authorize the Secretary of the Treasury to use our unpledged gold and silver and certain other securities as a base for the issuing of greenbacks, to be used in the retirement of outstanding tax-free Government bonds and securities. We owe some $25,000,000,000, and most of this is represented by bonds and certificates of indebtedness which are merely a form of paper used to evidence the debt. Custom and habit has caused a large number of our citizens to feel that this is the proper way for the Government to obtain money when in truth greenbacks when properly secured can be issued without causing the Government to pay interest and thus perform the same service as long as it is backed up by a proper amount of securities.

I do not think that it is right to allow a fortunate class to invest their money in such a way as to enable them to escape paying their part of the cost of running this Government. If the notes and mortgages on our public land and the forms of security issued by industry are of sufficient value for the Government to make loans on, who is it can say that it would be unwise to use a fraction of their value in paper money? If the Federal Reserve Banking System extends credit on the basis of 10 to 1, who is it that can say that our unpledged gold and silver will not support an issue of currency on the basis of 2½ to 1?

A lot of people made fun of the first bill introduced to guarantee deposits in Government-supervised banks. They predicted all kinds of catastrophes, yet when I presented this measure I felt sure the time would come when such a law would be necessary to stabilize banking conditions and recent events prove this to be a fact. It may be several years before we are able to mold public sentiment in favor of the bill I introduced yesterday, yet I am convinced that if Congress does not take some such action as this, that there will be rough sledding ahead for our Government, as the people will and can stand only so much.

Mr. TREADWAY. Mr. Chairman, I yield 8 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Chairman, I thank the gentlemen on the other side for this allotment of time. Of course, one cannot hope to present even briefly all his views on the more important points in such a measure in that length of time. The gentleman from Massachusetts [Mr. LUCE] said that this was a silver brick. I say to the House that this is a gold brick; it is not a silver measure according to my views. It coins more of our old silver dollars, deficient and fluctuating in value, and good only because supported by gold.

Something has been said here about fiat money. As I understand, fiat money represents money that does not have full value back of it. You have silver in the silver dollar worth about 35 cents, and you call it a dollar, so it is fiat money to the extent of the difference between 35 cents and the dollar.

I do not mean to say that this is fiat money. It is not fiat money, but it would be fiat money if it were not for the fact that we have a law passed in 1890 which compels the Secretary of the Treasury to use our reserves to keep all the money of the United States at a parity with gold.

These obligations have been heaped on gold until gold has broken down. Gold has so many demands, such increasing and ever-increasing demands, that gold as a yardstick of measure has failed, and with it has come all our property values, and, therefore, of course, our credit structure built up on these failing property values. What we want is something to relieve gold, something to take the place of gold, something we can give legal-tender privileges to just as we have given to gold.

We need to give silver legal-tender qualities. But this bill does not do that. This bill makes the silver dollar legal tender, but not silver values. The silver dollar has a value backed by gold to sustain its value. We need to give silver legal-tender privileges where all the necessary value is supplied by silver and by silver alone and unsupported by gold. This bill fails to provide that use of silver. So this is really gold money. You have put 35 cents' worth of silver back of it, or some other or fluctuating value back of it, but it is, after all, to be kept at a parity with gold by the addition to that value from gold.

But that is not the objection I have to the bill. I have this objection: That while you may be making sound money out of this silver, you are increasing all the time the strain upon gold and increasing its value; and when you increase the value of gold, which is the supreme measurement of all of our property and commodities, when you put an additional strain upon gold, you are lowering the value of your wheat and your cotton and your copper and your real estate and all the property in the United States. That is the objection that I have to this proposition; not that it is not sound money, but you are increasing the strain upon gold that is already worth 75 cents more to the dollar than it was on January 1, 1926. I introduced a bill, which was voted out by the Committee on Coinage, Weights, and Measures, which was voted out by a very large majority, and after more than a year's study by the committee in consultation with some of the world's greatest experts and, what is more to the point, these were experts who were not allied with the banking organizations, who seem interested in not having our Congress control these depressions. This bill went to the Rules Committee, where it has slumbered and has been chloroformed ever since. There have been 101 Members of the House who have asked the Rules Committee to give us a rule on the bill. That bill would use silver for its world-accepted value. In other words, it would make silver itself legal tender and therefore primary money. We would redeem those certificates, not in gold but in the gold value of silver. We would keep the gold standard as a means for the measure of our values. We would not have two standards of measurement. But we would have silver and gold as money. We would give legal tender to silver. We would take a control over our supply of legal-tender wealth; gold as our superme standard of measurement and both gold and silver serving us as debt-paying property, using silver to help take the strain off gold as a circulating medium, thus reducing its value, and thereby raising commodity value. That is the point of it.

The gentleman from Texas [Mr. DIES] said that this bill that I propose contemplates the purchase of 1,500,000,000 ounces of silver. That is the maximum limit of the bill. The purchase of silver in that bill is to restore prosperity. It would put into the Treasury of the United States silver as reserve money, with full value as legal tender until prosperity is restored, and we would issue certificates against it for its world-accepted value, no more and no less, and you would have money that is sound money and at the same time silver money. There would be no fiat money about that, and you would not tie it to gold. My bill would continue adding silver to our reserves as needed to break the corner and relieve the strain upon gold until gold would fall and property rise in value, until the banks regained confidence in loans on this property, and until our products could find buyers in the markets of the world. Take out that abnormal purchasing price of gold and you thereby raise up the value of commodities and property all over the world. You would relieve the banks in foreign countries where gold is the standard of value, and this would restore the demand for the commodities that we sell in international markets.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. KNUTSON. Ultimately this bill is going to cost the Government about a billion dollars in the form of the increased cost of silver?

Mr. FIESINGER. I am not prepared to answer that question. I had not looked at it from that phase. The cost will mainly lie in the failure of the bill and the cost of continuing the depression. It is not going to accomplish what we want and what we need. It will not give us control of the value of property, of credits, and business activity. It will not result in the raising of the prices of our prime commodities that we sell in international markets for gold; and you are not going to cure, as a result of this measure, your wheat or cotton problem or the problem of those commodities that we sell in international markets.

Mr. Chairman, I am in a difficult situation today and it pains me more than I can tell to take the position that I am taking in the House today. I would love to go along, but I disagree with this bill. I have very deep convictions on this proposition. However, I believe that rather than not following the President of the United States I am following the President of the United States. He has declared for an adequate supply of sound money. To have that supply we must have some control of it, and that is the difference between these two bills.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes more to the gentleman.

Mr. FIESINGER. Mr. Chairman, the President said in his message to Congress that he wanted to make primary money out of silver, the same as gold. This bill is not doing that. It is making token money, and it would be fiat money, if it were not for the law of 1890.

On the other point that the gentleman from Massachusetts [Mr. LUCE] spoke of, when he said that this is a sop to the silver interests in this country. It is a sop, but it has a trick in it; and when the silver people in this House and the other body get back to their constituents and they find out what the bill means there is just going to be murder, in my judgment. This bill has stated a policy of having 25 percent silver reserve. It has a little clause in it that will stop the purchase of silver long before it reaches 25 percent. There is another joker for the silver miner. The bill provides for $1.29 an ounce for silver, but it is a new 14-gram dollar that will get down to a lesser value in time; and the bill also provides the Secretary of the Treasury can take away from the miner in seignorage 50 percent or more if he likes. He can leave the miner with 64 cents an ounce in a 60-cent dollar, or about 38 cents an ounce in the original gold value. This bill does another thing that destroys the value of silver as real money; it makes it a felony to own silver or transport any silver except that it finds lodgment in the Treasury of the United States. That means that the only purchaser of silver in the United States under the terms of the bill will be the Government of the United States, and it may frequently defer purchases. There is no time fixed when it shall purchase, and it may defer purchases until the value of silver has fallen down to the lowest possible gold price level that it can find. If that is so, the Secretary of the Treasury of the United States has it in his hand to control every mining State in the United States through political control; and this is establishing a principle abhorrent to our institutions as well as fixing an artificial market for silver.

So much for that. The argument is made here today that we are going to furnish the American people more money. We already have plenty of money in our gold. We need to use this silver in an entirely different way. We need to invoke an entirely different monetary principle. We have plenty of gold as a base to erect credit upon, and this little silver that they are going to put in is not going to make any difference so far as increasing the supply of money is concerned. We need to use this silver in such a way that you can get money out. What we need is to have the price level raised, and that is not altogether to be done in the United States but it has to be done in all gold-standard countries. It must be done throughout the world. When the gold price level starts to rise, after you take the strain off gold, your banks know that they can make loans with safety. Their clients can make profits instead of losses, and then they safely can, and they will, furnish plenty of money. That is the only way that you will be able to get out of this depression and get money out among the people. The little money involved in this silver issue is not even pocket change in comparison with twenty or more billions of loosened bank credits. You will find gold values will not be put under your control through this bill. As a consequence, your banks will be in the same position they are now—frozen, as they are, and will not make any loans—and, as a consequence, the people will be starving for credit, as they are today.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. DOUGHTON. Mr. Chairman, I yield 1 minute to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, the enactment of this bill into a law means little or nothing in the way of encouragement to those who believe in bimetalism. If I can convince myself that it is even a tiny step toward expansion of our metallic base for currency, I shall vote for it on final passage, but I shall so vote with the bitterest regret that it is impossible, at this session, to vote for a real silver bill.

We, who believe in the quantitative theory of money, which is correct when all factors are considered, such as velocity and bank checks, can get very little comfort out of legislation which treats silver as a commodity. What we need, above everything else, is work for the unemployed and money to pay them. The President can, under powers already granted, issue millions of dollars in currency. Other countries have issued such currency, forcing commodity prices to higher levels. Often, such inflation has ended in disaster. What we silver men want is a larger, broader metallic base upon which currency may be issued. Never again in this country will gold circulate as money, and silver will so circulate only in small denominations, under $1. To prevent overexpansion of paper currency we must, at present, have a metallic base. If gold could come forth in carload lots, as it has come at different times in the world's history, then we might not now need the silver in quantity; but gold is not coming. The demands for currency are heavier than ever. The loss of confidence has materially reduced bank accounts, checks, and velocity of exchange. Governments must provide more yardsticks for measuring property exchanges, or repudiation of debts will follow, and backward will move the wheels of civilization.

The greatest need of the hour is higher, much higher, prices for commodities in the world's markets. I cannot believe that every nation will be economically self-contained and that world's trade will practically cease. By "unanimous consent" the gold ounce is the universally acknowledged measuring stick for the world's trading. No legislation by this Congress can change that situation. Neither England nor France care or heed in the least how many grains of gold we declare to be a legal dollar. Balances are settled by the weight of gold.

Why has silver depreciated in terms of gold? For the simple reason that silver has been demonetized by many nations and the demand has been materially reduced. Silver has not fallen in value when measured in commodities, but gold has appreciated, owing to the greater demand for that metal for storage as a base for issuance of currency. Create an unlimited demand for silver at a fixed price, as measured in gold, and that price will be the world price. The remonetization of silver by the United States will force other trading nations to do the same. Real silver men do not want to see the gold now in our Treasury used to buy silver in either foreign or domestic markets.

Let the owners of that silver take it to our mints, have it weighed and graded, and left there in bars; then issue silver currency against such deposits.

Why the fear of really useful silver legislation? Are the owners of our bonds and obligations afraid that those bonds and obligations are not going to be so valuable when measured in commodities? That is precisely what must happen, or general repudiation will follow. The load of interest and fixed dividends can never be paid at the present prices of commodities. This bill will not materially affect commodity prices; therefore it is of little or no value in the present economic crisis. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, there has been a great deal said about silver today and a great deal said since this Congress convened, after the inauguration of the new administration. I am firmly convinced that the money question is the most important question before the American people today. The statement has been repeatedly made, and it was made on the floor today, that there is ample cash, ample money; that the banks are loaded with money; that the only trouble is a restoration of confidence; that if we could have confidence restored business would go on and we would have prosperity and recovery from the depression. What is needed to restore confidence? There is just one little element missing in our whole financial set-up, and that is the element called "cash." Now, this bill is directed to supplying the missing element. If there is sufficient cash or money in circulation in the country, prices will rise and confidence will return; but you cannot restore confidence when prices are falling. If you go to your banker for a loan, he is not interested in your collateral; he is not interested in your assets if prices are falling. You have got to show that in the operation of your business you can make a profit. Profits accrue from business where there is a return in excess of the expenses. We must supply that little element called "cash."

I want to read from section 5 of this bill. It does not seem to have been very well understood what the bill contains. Section 5 reads:

> The Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3.

Further on it reads:

> All silver certificates heretofore or hereafter issued shall be legal tender for all debts, public and private, public charges, duties, and dues, and shall be redeemable on demand of the Treasury of the United States in standard silver dollars.

That is the answer to the question that has been raised as to the cost of operation of this bill. If we can only get a sympathetic Secretary of the Treasury of the United States to carry out the provisions of this act and buy silver and issue silver certificates, we will have that much more money in circulation. I mean we will have that much more money in circulation without somebody having to borrow it, without the interest feature attached. That is what is stopping the loaning of money today, because when you go to a bank, you must borrow. This money will go into circulation without the interest feature attached to it and as new wealth.

Mr. WOODRUFF. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. WOODRUFF. I wish the gentleman would explain to the House the mechanics provided by this bill, whereby it will put money into the pockets of the average man, where it will put money into general circulation. I tried to secure that information in the committee during the hearing. I have tried in other ways to get it, and as yet I have found no one who can give a reasonable explanation of how this particular bill, if enacted, will put additional money into the pockets of the workingman and into the pockets of the farmer. After all, they have to work for what they get. I wish the gentleman would enlighten the House on that particular point.

Mr. WHITE. Under the mechanics of this bill it is proposed to add one and one-third billion dollars of silver to the reserve of the United States. Under section 5 the Secretary of the Treasury is authorized to issue and put into circulation $1 for every dollar expended to acquire that silver.

Mr. WOODRUFF. How?

Mr. WHITE. Well, how? It will go into the natural channels of trade as money goes in by paying the expenses of running this Government, rather than borrowing it to pay the Government's appropriation.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. SIROVICH. Will the gentleman yield to me to answer the gentleman how it will help labor?

Mr. WHITE. I yield.

Mr. SIROVICH. China and India today have 700,000,000 people whose money does not permit them to buy anything from our country on account of the depreciation of silver. If we pass this bill, it will enable 700,000,000 Chinese and Indians to buy from us and will be instrumental in helping increase commodity prices.

The CHAIRMAN. The time of the gentleman from Idaho [Mr. WHITE] has again expired.

Mr. TREADWAY. Mr. Chairman, I yield 8 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, although I hold views upon money that some on this side of the aisle would consider heretical, I shall not vote for this bill. When the President sought power to devalue the dollar by reducing its and content, I supported him, for I felt that there could be no doubt that the commodity price of gold had gotten out of line with the general price level, and that this misalinement, by sharply curtailing the buying power of the debtor segment of the population, blocked economic recovery. Devaluation did not bring all the benefits some expected, but it did lift the domestic prices of wheat, cotton, wool, copper, and those other commodities which find much of their outlet in foreign markets. Devaluation did not materially affect the prices of butter, eggs, pork, beef, mutton, and those other products whose market is almost wholly domestic. In my opinion, we shall have to take another step before devaluation can be reflected in higher prices for the latter class of commodities; we shall have to resume gold redemption, for so long as the currency with which goods are bought and sold in the domestic market is unredeemable, there is no relation between that currency and the theoretical, nonexistent, devalued gold dollar impounded in the Treasury. Devaluation influenced the domestic prices of export commodities because we are on a gold standard internationally—the devalued dollars are available for making international settlements. Devaluation has not, and by the nature of things cannot, influence the domestic prices of domestic products, because intranationally we are not on a gold basis.

Those who expect to raise the price level by passing this legislation are doomed to disappointment. The silver certificates to be issued against the silver deposited in the Treasury will have the same buying power as the paper dollars we use today. If they had more buying power, they would be hoarded; if they had less, they would drive our present currency into hoarding. In either event there would be a curtailment of the currency, when what the supporters of the bill want is expansion. The paper dollars to be issued under this bill will be worth neither more nor less than the existing dollars of commerce and hence will not raise the price level or make debts any easier to pay.

It has been argued that adding 1,312,000,000 ounces of silver to the metallic reserves of the country will increase the stability of its currency. I must challenge that statement. The fact is that for every dollar's worth of silver purchased there must be a dollar of currency issued; in other words, a dollar of Government obligation created. No man improves his net worth by increasing his assets and liabilities in the same amount, and I do not believe that nations are exempt from the kind of bookkeeping individuals must use. Arithmetic cannot be repealed.

Mr. Chairman, this bill does not provide for bimetallism, symmetallism, or free coinage of silver at the ratio of 16 to

1, or any other ratio. This bill is not in the public interest. It is conceived in sectionalism and selfishness. It will benefit no one except silver miners and silver speculators. The former are entitled to the same consideration we accord to every other American industry; the latter have no claim upon the generosity they expect us to extend to them under this measure.

The claim that it is necessary to add to the metallic reserves of this country does not bear analysis. Our reserves are adequate. Against $10,097,413,078 in currency, we have $8,298,164,457 in gold and silver. Accepting the generally recognized principle that a nation can safely issue currency against a 40-percent reserve, the United States can issue more than $20,000,000,000 in currency—twice what we have issued. Surely that should satisfy the most enthusiastic inflationist. If more currency is needed—and I am not arguing that it is or is not—why not have it without increasing our reserves? Why spend 35 cents for silver for a fiat dollar, when a fiat dollar printed on a piece of paper worth a fraction of a cent will do as well? Why spend $800,000,000 for silver for additional reserves when our reserves are already twice what they need to be under sound monetary practice?

We cannot afford to spend $800,000,000 for 1,312,000,000 ounces of silver to be impounded in the vaults of the Treasury Building at the other end of Pennsylvania Avenue. That metal will be hidden underground; nobody will see it, nobody will care to see it. Nobody will want to carry it around—cartwheels do not fit modern purses. That metal will be sterile, locked up, useless. It will not add to the circulation of the country a single dollar we cannot issue without it. To tie up $800,000,000 of the Government's credit for unneeded silver is even worse than to spend it for unnecessary post offices and courthouses, for the latter have at least some utility. To exhaust the Government's buying power in piling up silver we do not need, at a time when schools are closed for lack of funds, is worse than folly. To strain the Nation's credit in the futile undertaking of filling the Treasury vaults with metal we shall not use, at a time when 20,000,000 people need food and when the greatest calamity in the history of the country, the drought in the Middle West, is bringing to our doors an unprecedented relief problem, should leave a sense of guilt.

Has anyone thought of the loss the Government might sustain in the event that there should be a decline in the value of the silver after we have acquired it? We know that from 1871 to 1931 the price of the white metal dropped from $1.25 to 30 cents an ounce. How do we know that it will not drop more? Eighty percent of the silver mined in the United States is a byproduct of copper, zinc, and lead, and the production of silver accordingly cannot be controlled. A resumption of industrial activity would yield a tremendously increased output of silver. There is no corresponding increase in demand for silver in the offing. Other nations have discontinued the monetary use of the metal, and any increased use in this country would hardly affect the world demand. Practically every European government demonetized silver in 1873, and India discontinued free coinage in 1893. Not only have all the commercial nations demonetized silver, but they have debased their subsidiary silver coin, thus removing one other source of demand for the white metal. Furthermore, less subsidiary coin is used, for people everywhere, except in China, have learned to trust and to prefer paper currency. Silver is no longer held as bank reserves to any extent outside of the United States, Great Britain, and India; and in those countries its use for that purpose has been greatly curtailed. Finally, the gap between production and consumption has been widened by the use of old or remelted silver in the arts and industries. All these tendencies and trends have operated to decrease the demand for silver, and I believe we should consider very carefully the possibility that after we have bought our hoard of it, it may become so reduced in value that we shall ultimately suffer a great loss.

The gentleman from New York [Mr. SIROVICH] said something a few minutes ago about the necessity of stimulating trade with the 700,000,000 people who live in the Orient. I am as deeply interested as anyone in increasing our markets in Asia, but a careful study of the problem has convinced me that there is nothing in the present bill that will help. The argument to be inferred from the gentleman's statement is based upon the fallacious supposition that the countries of the Orient use silver to buy goods and commodities abroad. The contrary is the fact. The people of the Orient use the trade balance they create in exchanging their raw materials for our manufactured goods to acquire silver for hoarding. The purchasing power of Asia has not suffered from the low price of silver and would not be enhanced if an increase in the value of silver should result from this legislation. In that connection I wish to quote from a book the careful reading of which I would commend to the Members of the House—Silver: An Analysis of the Factors Affecting Its Price, written by Y. S. Leong and published by the Brookings Institution:

> Imports relative to exports tend to increase in physical volume when the price of silver is relatively low and to decrease when it is relatively high.

Accordingly, if this legislation should have the effect of increasing the price of silver, if this economist is right, it would have a depressing influence upon our trade with China, the advocates of this bill to the contrary notwithstanding.

Concerning the effect of the value of silver upon our trade with India, Dr. Leong says:

> Since the Indian currency act of 1927 the rupee has been tied to the pound sterling at the statutory value of 1s. 6d. A decline in the price of silver would, therefore, have no unfavorable effect on the purchasing power of India.

Would a higher price for silver help our trade with Mexico and Peru? These are admittedly important exporters of silver. Silver constitutes 31 percent of our imports from Mexico; but inasmuch as all our imports from Mexico constitute only 3 percent of our foreign trade, we could charge off all the trade resulting from the importation of silver from the Republic to the south and the net loss of business to the United States would be less than one-twentieth of 1 percent. Twelve percent of Peru's exports are silver, but Peru's foreign trade is too insignificant to mention, and we should not get much if by bidding up silver we got it all.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 1 additional minute to the gentleman from Minnesota, and in this time I desire to ask the gentleman a question. Reference was made to the exchange of business with India by purchasing Indian silver. Does not that mean that our good American money will take the place of their useless silver?

Mr. CHRISTIANSON. Why, certainly.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. CHRISTIANSON. I yield.

Mr. KNUTSON. The gentleman from Michigan propounded an inquiry to the gentleman from Idaho as to how he proposed to get this money into the pockets of the people. May I suggest that one way would be to reelect a Democratic Congress?

Mr. CHRISTIANSON. The stimulation of domestic business that might result if this bill should accomplish its purpose of raising the price of silver would be negligible. I call attention to the fact that the income from the entire mineral industry of the United States is only 3 percent of the total national income, and that the income from the silver-mining industry is only 0.6 of 1 percent of the income of the mineral industry. So the utmost that we could expect would be such stimulation as would come from a slight increase in that part of the Nation's income which now constitutes 0.6 of 1 percent of 3 percent, or less than one-fiftieth of 1 percent. For the sake of the doubtful possibility of increasing infinitesimally one-fiftieth of 1 percent of the national income, you would throw $800,000,000 of the hard-earned money of the American people into a stupendous gamble. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Chairman, I confess I do not know much about this bill, but at the same time I believe I know almost as much about it as any other Member on the floor of the House. I asked two or three members of the Committee on Ways and Means if they were going to make an address or give a talk on this bill, and they said no; that they did not know enough about it to talk about the bill.

In this connection I am reminded of what happened at the special session of Congress last spring, when some of the bills that were passed were not even read by the Members of the House and were not even printed. This Congress, this House of Representatives of the United States of America, is becoming the laughing-stock of the people of the Nation, and it is for just exactly that reason that we are being held in disrespect; and the more of this that takes place, the greater we will be held in disrespect. We have a government by dictum today. These bills are prepared at the other end of the Avenue, sent to the House, and we are told to pass them; and in many instances we do not know the contents of the bills.

Not long ago I overheard two Members of the House on the right-hand side of the aisle talking. I was not eavesdropping but I was riding up in the elevator with them. I heard one say to the other, "If we do not pass a silver bill in this Congress, I just as well not run at the primary election this fall." That gentleman came from a silver-producing State; and his colleague said, "Well, I am in the same boat."

I point this out for the reason that the origin of this bill and for the companion bill in the Senate is to be found in the silver-producing States and comes from the Representatives and Senators of the silver-producing States and the silver speculators of the United States. There may be something in what the gentleman from Pennsylvania [Mr. McFADDEN] said about the origin of this bill. If I am a correct reader of the press reports, the President himself opposes any silver legislation in this Congress. I hold in my hand a sheaf of newspaper clippings taken as far back as the beginning of this regular session, and they all indicate that the President opposes the passage of silver legislation by this Congress. He does not want it, but he has been forced into the position of authorizing the passage of this bill or requesting the passage of this bill, and I do not believe that it is his desire that the bill be passed at the present time.

I happen to be an attorney at law, and I know the practice before courts of law. If any court in the United States, under a democratic form of government, would conduct a case as the hearings before the Ways and Means Committee were conducted, it would be a travesty on justice. There was no testimony before that committee by experts or anyone versed in monetary or silver legislation except representatives or witnesses called by those on the committee who favored the bill, and they cannot qualify as experts. The minority members of the committee asked and desired to have witnesses called in order that this question might be thoroughly discussed and thoroughly threshed out. What did they meet with? They met with resistance. The majority members did not want to learn the facts or to learn the extent to which this legislation might affect the standing of the country as a whole.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. ELTSE of California. I yield to the gentleman from Tennessee.

Mr. COOPER of Tennessee. The gentleman is not a member of the Ways and Means Committee?

Mr. ELTSE of California. No; but I am a member of the Committee on Coinage, Weights, and Measures.

Mr. COOPER of Tennessee. The gentleman was not present at any hearings before the Ways and Means Committee and is mistaken in what he is talking about in the statements he has made.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. ELTSE of California. In answer to the gentleman from Tennessee [Mr. COOPER] I may say that I had the intelligence to read the report and I found out there what happened. I also read the minority report, which expressly states just exactly what I have said, that the opportunity was not afforded to call witnesses who stood in opposition to the passage of the bill.

Mr. COOPER of Tennessee. I may say to the gentleman that he is entirely mistaken. The hearings were open to anybody who wanted to be there and they did not appear.

Mr. ELTSE of California. And an executive session was ordered in the beginning.

Mr. COOPER of Tennessee. The gentleman is just mistaken.

Mr. ELTSE of California. I will let the record speak for itself; and have long since learned that those who respond in anger and heat usually are themselves mistaken and later have cause to regret their words.

Mr. TREADWAY. Mr. Chairman, I do not think the gentleman from Tennessee [Mr. COOPER] ought to castigate the gentleman from California to the extent that he has. I will take that question up when I speak a little later.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, the gentleman from California who has just preceded me has indulged in what to my mind is clearly a series of contradictions. In the beginning he tells us this is a Government by a dictator, that bills are written down yonder at the other end of the Avenue and sent up here and we have to accept them. Then in the conclusion of his speech he displayed to us newspaper clippings which purported to say that the President was against this bill, and then the gentleman wound up by saying we forced it on the President.

Mr. ELTSE of California. Will the gentleman yield?

Mr. BROWN of Kentucky. I yield for a question, but not for a statement.

Mr. ELTSE of California. Where did the bill come from?

Mr. BROWN of Kentucky. I may say to the gentleman that in my opinion it grew out of the crime perpetrated in 1873 by the Republican Party which demonetized silver. May I also say to the gentleman from Minnesota [Mr. KNUTSON] who professes to be against this bill because he has discovered that the Secretary of the Republican National Committee is speculating in silver, and some other gentlemen for that matter, that the gentleman from Minnesota has purported to be a strong advocate of the Fiesinger bill. I think the gentleman from Ohio will bear me out in that statement, and yet under the Fiesinger bill the men who have speculated in silver would make four or five times as much as they can make under this bill, so I take it his arguments are not exactly sound.

Mr. KNUTSON. May I say to the gentleman that I have not even read the Fiesinger bill; consequently I do not know what it is about, and therefore I cannot be for something I do not know anything about.

Mr. BROWN of Kentucky. I will say to the gentleman that the gentleman from Texas [Mr. CROSS] tells me the gentleman from Minnesota was favorable to silver legislation.

Mr. KNUTSON. I have not authorized the gentleman from Texas to speak for me, and the gentleman is in error when he quotes me to that effect.

Mr. VINSON of Kentucky. I wonder if the gentleman from Minnesota has read this bill?

Mr. KNUTSON. Yes; I have read the bill.

Mr. BROWN of Kentucky. I will quote a good authority. I quote the gentleman from Minnesota. He said that he was for a bimetallic base for the currency and there is not any way that you can write a bill authorizing bimetallism that will not offer more of an opportunity for speculation than this bill here offers.

I was surprised that you could write a law that would limit the possibility of speculation to such a narrow base as is set out in this bill.

There has been a lot of argument about sound money. The best definition I ever heard of sound money is that the currency to be sound must be reasonably stable in its purchasing power and of sufficient volume to meet the needs of the people. The currency we have had in this country meets none of these tests. In 1926 it was worth a dollar, in 1929 it was worth 50 cents. In 1932 it was over $2, and now they say we have devalued it until its purchasing power is a little over one dollar and a half.

This measure represents a distinct victory, as the gentleman from Oregon has said, in some small measure at least, for those who belong to the quantitative school of thought.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. SIROVICH. Our platform, in 1932, states, among other things, that we advocate an international monetary conference called on the invitation of our Government to consider the rehabilitation of silver and related questions.

Mr. BROWN of Kentucky. That is all correct, but what I am interested in is a currency for the people of this country, and there is not any question in my mind but what one of the chief contributing forces back of this depression has been the incapacity of our money base to take care of the business needs of this country, and the President of the United States recognized this the other day when he sent his message to us, because one of the things he says in that message is:

> As a part of the larger objective, some things have been clear. One is that we should move forward as rapidly as conditions permit in broadening the metallic base of our monetary system and in stabilizing the purchasing and debt-paying power of our money on a more equitable level.

At another place in his message he says:

> We seek to remedy a maladjustment of our currency.

And this bill, taking it at its worst, is at least one step in the general direction of broadening the monetary base until it will support our business structure.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, let me clear up one or two little matters here before I take up any discussion of the merits of the bill, if I can discuss the merits. It actually only contains demerits. I do not pretend to know anything about it, so perhaps I cannot discuss either its merits or demerits. Something was said during the remarks of the gentleman from California about the procedure in the Ways and Means Committee.

I uphold the statement that the gentleman from California made as being a correct one. The exact situation is this: Much to my astonishment, when we went into the hearing, which was last Friday morning, the doors of the committee room were locked. We had been informed the Secretary of the Treasury was to be there and he was present. There was no official reporter there or any press representatives, and I turned to the chairman and asked him if we were not to have an open hearing on account of the presence of the distinguished Secretary of the Treasury. The clerk of the committee turned to us and said, "I understood this was to be more or less of an executive session." I inquired what "more or less of an executive session" meant. You either have an executive session or you have an open one. I do not know what a "more or less" one is, but these are exactly the words that passed in the committee.

As a result of the objection the members of the minority and myself raised, the session was opened to the public and a stenographer was sent for. One was not present during the time of this colloquy, but he was there when we were in open session. Therefore the gentleman from California is correct in the statement he made in reference to the manner in which this bill was taken up.

Mr. Chairman, once more the minority are placed in the position of having to object to the haste with which administration measures are rushed through committees and through the House, without adequate consideration, and without attempting to get information upon the issues involved. This is supposed to be a legislative body, but when the White House sends down a ready-prepared bill with its stamp of approval upon it, ratification by the House becomes a mere formality. In times of great emergency, such procedure may be excusable, but certainly no one will claim that the pending bill comes within the category of emergency legislation.

All that is necessary to start the legislative machinery in high gear is for the fact to become known that a particular bill is an administration measure. With that assurance, the subservient Democratic majority are saved the trouble of determining how they shall vote. Like the Light Brigade at Balaklava—

> Theirs not to reason why,
> Theirs but to do and die.

This bill is one of the most important measures to come before the Congress this session. It contemplates a complete and drastic change of national policy by reviving the principles underlying the Sherman Silver Purchase Act, of unhappy and ill-fated memory. Its effect upon the economic welfare of our people may be profound and far-reaching. Yet the majority of the committee did not feel it necessary to secure information upon both sides of this important question. They were not even willing to go as far as the justice of the peace who, while admitting that his mind was already made up in favor of the plaintiff, was willing to hear the defendant's side of the case.

When I inquired at the hearing whether there would be any opposition witnesses I was told by the Chair that it was not the purpose to have a debate upon the silver question, but merely to secure an explanation of the bill. In other words, the minds of the Democratic members were foreclosed upon the policy of the bill, and they neither wanted any information themselves upon the issues presented by this legislation, nor did they want the minority to have any.

I want now to draw a comparison between the manner in which this hearing was conducted and some other hearings before our committee in years gone by.

I happened to be a member of the committee in 1922. The Secretary of State at that time was the present Chief Justice of the United States, Mr. Hughes. The Ways and Means Committee called for some information from the State Department relative to a loan to Liberia. We had had the subordinates before us. So we asked the Secretary to appear, and the very next morning the Secretary of State came before the Ways and Means Committee. While it was contrary to his own judgment and contrary to his party's policy, he advocated a loan to Liberia in 1922, because Mr. Wilson, in his time as President and during the war, had promised it to them. The Secretary of State made such an elaborate appeal that he convinced every member of the Committee of the justness and fairness of the loan, although the night before every one of us had been against it. I just offer this as a comparison of the way in which hearings can be conducted.

Last Friday morning, when the open hearing started, the Secretary of the Treasury said he had no statement to make; that he understood we were to have an executive session and he was there to answer questions. A few questions were asked him, and immediately he informed us that he would ask us to hear his subordinate, the General Counsel of the Treasury Department, Mr. Oliphant. I asked the Secretary before he left the stand one or two questions which have not yet been answered, which appear on page 11 of the hearings; and, by the way, we only got the hearings this morning, you know:

> Mr. TREADWAY. * * * What does the administration expect to accomplish by the bill? Why is the administration asking Congress to pass this legislation at this time?
>
> Secretary MORGENTHAU. Mr. Chairman, if it is agreeable to you, may I suggest that Mr. Oliphant make a statement giving an interpretation of the bill as a whole, which would cover the point the gentleman has in mind.

At this point Mr. Oliphant, the General Counsel of the Treasury Department, took the stand, and the Secretary was excused. He was directed to answer my question, which he did by reciting section 2 of the bill, which is the declaration of policy. What I wanted to know was, "Why change the policy? What do you expect to accomplish by it?"

That inquiry has to this day not been answered. There has been no explanation of the reason of the policy laid down in section 2 of the bill before you. That is the difference between the manner in which hearings were conducted in the past and in the present day under the present administration.

Later on in the hearings the gentleman from Pennsylvania [Mr. COCHRAN] tried to get some information from the witness along the line of my inquiry. Mr. Oliphant's answer to him was:

I know I am not being very helpful, and I am sure I will be less helpful on general questions of policy. I know something about the drafting of the bill and how it was worked out, and I will be glad to answer any questions about that and give any facts I have.

Just before, the gentleman from Pennsylvania had asked:

Mr. COCHRAN. * * * What is the necessity for changing the policy?

To this Mr. Oliphant replied:

Mr. OLIPHANT. It seems to me that that is a type of policy under our form of government that it is the business of Congress to decide.

Still later during his testimony I returned to the same question, and again the witness evaded it, saying that it was for Congress to decide. Yet, when the question came before the Ways and Means Committee, the majority members did not bother themselves about deciding this great question. They took the change for granted.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. TREADWAY. Of course, I yield to the gentleman.

Mr. SAMUEL B. HILL. Has the gentleman read the President's message?

Mr. TREADWAY. Certainly I have.

Mr. SAMUEL B. HILL. And did not the gentleman get from the President's message the purpose of the bill?

Mr. TREADWAY. I cannot see where the President states why he set up this policy, and I do not think the gentleman from Washington can. He does not show the necessity for this subsidy to silver. He states that we should move forward as rapidly as possible in broadening the metallic base of our monetary system, but he does not say why. That is the very issue here. He makes the assumption that the base should be broadened, as if there were no question but what this is the proper course to pursue. He states that we must not neglect the value of an increased use of silver in improving our monetary system, but he does not say how the use of silver will improve it.

Now, where did we get with Mr. Oliphant? By the way, I want to say this about Mr. Oliphant: He is the only expert we had appear before the committee in the day and a half hearing, but can he qualify as an expert on silver? He did admit that he wrote the bill. It is a little confusing. Mr. DIES takes credit for writing the bill and introducing it. But, nevertheless, throughout the day Mr. Oliphant admitted that he wrote the bill.

Mr. SAMUEL B. HILL. I do not think that Mr. DIES made any such claim.

Mr. TREADWAY. All right. Let it go at that. I think Mr. DIES knows more about the subject than Mr. Oliphant does. [Applause.]

Now, Mr. Oliphant—and he is within the sound of my voice—qualified as an expert. He has been a professor of law, he has taught the young students how to sprout. He came here under the Farm Credit Administration, and then he went to the Treasury as counsel. There is your qualification as an expert on silver legislation. If I was going to look up an expert in medicine or in engineering or in law or in business, I would take a man who had had some experience in that line.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. TREADWAY. No. I have such a short time—I admit that I do not know anything about the bill, and nobody has told us anything about the bill in the whole course of this debate.

Mr. Oliphant was clever; he said he was the author of the mechanics of the bill that was set up, but when it comes to the policy we would have to ask those higher up.

In the meantime Mr. Morgenthau had left the room—he left as soon as Mr. Oliphant took the stand. There was no one there to tell us where the policy came from that brought forth this doubtful but wonderful piece of legislation.

Now, Mr. Chairman, is it fair to the people of the country that a brandnew policy should be adopted in so rapid a movement as this?

The President's message was received Tuesday, May 22. On Wednesday, May 23, the bill was introduced in the House by Mr. DIES. On Friday, May 25, hearings were begun, and on Saturday, May 26, hearings were closed at about 4 p.m. Immediately after the close of the hearing an executive session of the committee was promptly called, at which there were present but 7 of the 25 members of the Committee on Ways and Means. Few members, apparently, had any intimation that there was to be a meeting of that nature. I was not present at the meeting, but I am informed that there was not even any discussion of whether the change in national policy contemplated by the bill was proper or expedient. The minds of the majority members must have been foreclosed upon the bill at the outset, because they proceeded at once to the consideration of a few technical amendments to the bill suggested by the administration, and after a session lasting only a few minutes the bill was favorably reported.

Today is the 30th, just 8 days since this tremendous change in the monetary policy was first introduced into Congress, with the President's message, and we are asked to railroad this bill through tonight. The bill comes before the House after this brief consideration by the Ways and Means Committee, and I am unable to see how the majority Members can possibly feel qualified to explain or defend the bill. I, for one, do not feel competent to discuss the relative merits of the measure without hearing testimony upon both sides of the question.

Mr. Chairman, representative government has gone by, and all we have now is a rubber-stamp type of government for anything that bears the word "administration." I am sorry for you Democrats that have to go along with anything that is earmarked "administration."

But let us get to these money changers. We heard a whole lot about the money changers a year ago, and if there was ever an opportunity for money changing, it is in the silver exchange in New York City today. We do not hear so much of the expression today, but there are some money changers operating in the speculative markets of the country today under the program of the Democratic administration.

Mr. KELLER. And we are not done yet.

Mr. TREADWAY. You will have more of it just as soon as the "brain trust" can think up something more.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Does the gentleman want me to refer to India again? I answered him about India.

Mr. SIROVICH. I want to ask the gentleman whether all the members of the Committee on Ways and Means were notified to be present at that meeting.

Mr. TREADWAY. We had no notice of an executive session; only of the hearing. I asked not to have an executive session on Saturday afternoon, but the hurry of the administration was so great that that request was not granted.

Mr. SIROVICH. The gentleman says that seven members were present.

Mr. TREADWAY. I thank you, Doctor. I want now to refer to another matter.

Mr. ELTSE of California. It is very much like the Gold Reserve Act that was put through.

Mr. TREADWAY. But that did not bear the same amount of profit to the money changers. They figure in this bill because the President has had to compromise with them. He has not been able to keep them out, and they insist upon sticking their noses under the tent.

Even Mr. DIES admits there will be a profit to the people in this. Why, these 4 hours of debate are wasted. If you are in such a hurry, why have 4 hours' debate on this subject? There are not four men in this House—with all due respect to my associates—who understand this measure, its complications, or its implications. I will say, however, that Mr. DIES is one of those four. Mr. LUCE and Mr. DIES understand the subject of silver, and the rest of us go along. Most of you go along because the President has had to compromise with the silver people of the Congress.

While the President ostensibly is sponsoring this legislation, he has done so only to throw a sop to the silverites and inflationists. The press has carried stories for months about how the silver group has been plaguing the White House for silver legislation. Under the Thomas amendment to the Agricultural Adjustment Act, the President already has discretionary authority to remonetize silver at such ratio as he may fix, and in pursuance of that authority he is now buying the entire output of the domestic mines at a price 20 cents above the world price. The silver group and the inflationists are not satisfied with the President's limited exercise of his discretionary powers. They want mandatory silver legislation.

Already this session the House has passed a bill for the sale of American agricultural products in exchange for foreign silver at a valuation 25 percent above the actual value of the metal. Other bills are pending which provide for the restoration of bimetallism at the ratio of 16 to 1, for the purchase of one and one-half billion ounces of silver, and so on. The present bill provides for a subsidy for silver producers and at the same time will bring about a handsome profit for silver speculators by requiring the ultimate purchase of 1,300,000,000 ounces of domestic and foreign silver. When purchased, such silver will be used as a basis for the issuance of silver certificates, which will dilute our currency and thus bring satisfaction to the inflationists.

The present holdings of free silver are largely in the hands of speculators, as is evidenced by the publication as a Senate document of a list of persons, firms, and corporations owning as of January 1, 1934, either spot silver or futures contracts. This list was reprinted in the hearings on the pending bill. Among the large holders is the Chase National Bank, which owns more than 17,000,000 ounces of spot silver and has a large number of futures contracts, both long and short. The National City Bank also has large holdings and numerous contracts. Among the largest individual holders is E. L. Cord, the motor magnate, who is shown to own a million and three-quarters ounces of spot silver in addition to having several contracts.

It may or may not be significant that one of the holders of a futures contract is William Jennings Bryan, Jr., the son of the late exponent of 16 to 1. One holder gives his address as 422 Senate Office Building, a room assigned to Senator WHEELER, of Montana, one of the silver advocates.

It is the purpose of this bill, among other things, to enhance the price of silver by Government purchase. The speculators in silver have had this or similar legislation in mind for some time. They expect to make a profit out of the artificial stimulus which this bill will give to silver prices. It is true that the bill levies a tax of 50 percent upon the profit thus derived, but half a loaf to the speculators is better than none.

It is quite possible that with respect to transfers of silver taking place before the effective date of the act the Government will be powerless to collect a tax. Those drafting the bill were keen enough to realize this when they made the tax applicable, in the conjunctive, first to transfers made on or after the effective date of the act and, secondly, to transfers made between May 15, 1934, and prior to the effective date of the act. Thus, if the second provision is held unconstitutional, the tax would still apply to transfers made after the enactment of the act. It will be recalled that in a case involving the gift tax under the 1924 Revenue Act the Supreme Court held the tax unconstitutional with respect to all gifts made before the enactment of that act. The pending bill is, of course, retroactive to May 15.

When the Government took over all the gold in the country and revalued the dollar, the President declared that the profit thus resulting should belong to the people. Why should not the same principle be applied to silver? Why give the speculators any of the profit which is to come entirely from the artificial increase in the price of silver as a result of this bill?

Now, as to the inflationary features of the measure before us. The Democratic Party, in its platform, stood for a "sound currency to be preserved at all hazards." The President reiterated this policy in his campaign speeches. He insisted that President Hoover's reference to the narrow escape which this country had from going off the gold standard in 1932 was a "libel on the credit of the United States." He said that the Republican charge that if he were elected we would have "rubber dollars" was a "misrepresentation." And yet soon after he took office, we went off the gold standard, and later our dollar was depreciated to 59 cents. Now he seeks to further undermine the Nation's money by flooding the country with silver certificates.

While, as I have previously said, I do not feel competent to argue the merits or demerits of the proposed legislation from the standpoint of its effect upon the welfare of our people, I do recall that President Cleveland once had a great deal to say about the silver question, and other speakers will doubtless refer to his position.

During the hearings I made a motion that the committee invite Dr. Edwin W. Kemmerer, an outstanding authority upon the money question, to be present Saturday morning to give his views upon the bill. This motion was lost on a strict party vote; but late Friday afternoon, when it became apparent that a Saturday session would be necessary to hear the sponsor of the bill, Mr. DIES, the minority were told that if Dr. Kemmerer were present the following morning he would be heard. This was at 4:30 o'clock Friday afternoon. Of course, at that late hour, it could hardly be expected that an out-of-town witness could arrange to be present the next day. However, I immediately sent a telegram to Dr. Kemmerer, at Princeton University. He could not be reached at the University, being out of the city on a western trip. At this point, I will include the telegram which I received from him in response to my invitation.

PRINCETON, N.J., *May 26, 1934.*

The Honorable ALLEN T. TREADWAY,
Member of Congress:

Just arrived home from western trip. Delayed receipt of telegram prevents acceptance invitation. Sailing Europe next week. My opinion concerning broadening monetary base by using silver given briefly in recent book, Kemmerer on Money, especially last half chapter 7; also interview New York Sun, May 24, and resolution opposing silver measures before Congress recently issued by executive committee of Economists National Committee on Monetary Policy. A more detailed statement is given in my testimony of March 25, 1932, before House Committee on Coinage, Weights, and Measures.

E. W. KEMMERER.

At this point I should like to quote briefly from the resolution referred to by Dr. Kemmerer in his telegram, which was inserted in the Senate proceedings of May 22, and also in the hearings upon this bill. The executive committee of the Economists National Committee on Monetary Policy is composed of a group of brilliant economists, including Dr. Kemmerer, Dr. Oliver M. W. Sprague, Dr. Harold L. Reed, and others, who have given much study to the money question. I quote the following from their statement:

This committee believes that the lessons of monetary history and the principles of money should have an important place in the consideration of monetary legislation in this country and, therefore, desires to express the following convictions:

1. That no additional silver should be purchased at any price.
2. That the purchase of silver bullion at artificial prices will not promote sound currency, but on the contrary will add to the liabilities of the Government and reduce confidence in the Nation's currency.
3. That restoration of bimetallism at the market ratio would cause national injury and retard recovery.
4. That the restoration of bimetallism at the ratio of 16 to 1 would be a national calamity.
5. That a rise in the price of silver benefits materially neither domestic industry nor the foreign trade of the United States.

I also wish to quote from the article in the New York Sun, referred to by Dr. Kemmerer, the following synopsis of the interview with him:

"The administration's latest program of doing something more for silver is one more step down the inflation path, weakening confidence in the dollar and wasting millions of dollars in the purchase of useless, dead silver at a time when other nations are selling, not buying, and in a depression when there is a large Government deficit", declared Prof. Edwin Walter Kemmerer, Walker professor of international finance at Princeton and noted monetary authority, in an interview with a Sun reporter here today. Professor Kemmerer was on his way to speak on sound money in Indianapolis.

At this point I will quote a brief extract from chapter VII of Dr. Kemmerer's recent book, Kemmerer on Money, to which he also referred in his telegram. Referring to what he termed the "precipitous and drastic" silver legislation of 1933, Dr. Kemmerer said:

In May the silver provisions of the Thomas amendment to the Agricultural Adjustment Act became law. They authorized the President himself to fix a coinage ratio between gold and silver and "to provide for the unlimited coinage of such gold and silver at the ratio so fixed." This was bimetallism pure and simple, despite the fact that the amendment said that a gold dollar should be the "standard unit of value." It was left entirely to the decision of the President whether a bimetallic standard should be adopted, and, if adopted, whether it should be national or international bimetallism.

Thus, with very little debate in Congress and with almost no public discussion outside, full authority was suddenly given to one man to commit a nation of 123,000,000 people to a bimetallic standard at a time when no such standard had existed in the world for approximately 60 years. And this was done despite the facts: (1) That two generations ago nation after nation had deliberately discarded bimetallism after having given it a fair trial; and (2) that after a quarter of a century of subsequent agitation throughout the world for a return to bimetallism—an agitation accompanied by a number of international conferences and by two heated political campaigns in the United States centering upon it—bimetallism was everywhere defeated and had almost been forgotten, both in the United States and Europe, for a third of a century.

Mr. Chairman, in conclusion, I want to again point out that this monstrosity of legislation began with a message from the President on May 22, involving a drastic change of policy on the part of this Government, and is being passed in the House by a rubber-stamp majority within 9 days from its introduction. It is the culmination of the vicious method of legislating which we have witnessed here since the beginning of the present administration. It is being enacted through the most flagrant abuse of legislative power that has ever been heard of.

Government by the people has practically ceased to exist. Government by a group of theorists and impractical and uninformed individuals is running rampant. The only way a halt will be called is by an uprising of the people. I do not favor revolutions, but I do favor what is going to be a revolution at the polls next November.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. DOUGHTON. Mr. Chairman, I yield myself the remainder of the time. I also ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DOUGHTON. I respectfully request that I be not interrupted during the course of my remarks. The present bill conforms to and carries out the recommendation of the President of the United States made in his message to the Congress on the 22d day of this month. I shall not have time to make a complete, full, or connected argument or statement with respect to the bill in the short time remaining, and I confess I do not claim to be an expert in financial or economic matters. First, however, I desire to make a few observations and comments relative to the committee's consideration of this bill, since the discussion now seems to revolve around the treatment accorded the minority, and the manner in which the hearings were conducted. We all know that the President, on the 22d of this month, sent Congress a special message; that the silver question has been discussed in both branches of Congress and in the press of the country ever since Congress convened. In fact, the money question is one of the age-old questions with which we have had to deal. There was ample notice, therefore, given to all Members of Congress, and especially the members of the Ways and Means Committee, that this matter would be considered. When the bill was introduced in the Senate carrying a tax provision, we all knew that, under the Constitution, that body did not have jurisdiction over revenue legislation. Therefore the bill was introduced in the House on Thursday the 24th, and on the 25th the committee began consideration of the bill. Ample notice certainly was given.

There was the 22d, the 23d, the 24th, and 25th—5 days from the time the President's message was received by the Congress to the time the hearings were concluded. When the Dies bill, which is now before this body, was referred to our committee, no one, to my knowledge, suggested that we hold public hearings. No request was made to me as chairman of the committee that any witness be called or any public or open hearings be held until the morning of the 25th of May. I challenge anyone to dispute that statement. There had been a suggestion, however, by some member of the committee, a majority member, as I recall, that we should have someone from the Treasury Department before the committee to explain the bill. The minority members knew such hearing was to be conducted. If they were so anxious to have public hearings and have additional witnesses, why did not some of them communicate that desire to me as chairman of the community? I endeavored to be fair, and I do not believe any minority member of the committee will say that I have not been just as fair to the minority as chairman of this committee as I have to the majority.

The Secretary of the Treasury was there, and the ranking minority member, the gentleman from Massachusetts [Mr. TREADWAY], a most estimable gentleman as well as a useful and valuable member of the Ways and Means Committee, came in and raised the question about whether we were to have open hearings or meet in executive session. Nobody had said anything about public hearings or calling any witnesses. The gentleman from Massachusetts [Mr. TREADWAY] never had suggested that he had any witness in mind that he wanted called; never intimated such a thing, although he had had 4 days in which to do so, but he saw an opportunity to play penurious politics. That is what took place. There was no executive session demanded by any member of the committee. I said:

If open hearings are desired, bring the witness you want to be heard, and it is perferctly agreeable to the majority members of the committee to hear him.

We opened the door at the suggestion, not the demand, and the members of the press and the stenographer were called in, and hearings were conducted in open session for 2 days. Then the gentleman from Massachusetts [Mr. TREADWAY] began to talk about calling a witness and asked if the minority could call some witnesses in opposition to the bill. The chairman said:

Certainly, if you will have your witness here before we conclude the hearing, so that we will not have to delay reporting out this bill.

We all knew then, as we know now, that it was late in the session; and if this legislation was to be enacted, we could not delay it day after day. He suggested some gentleman by the name of Kemmerer, I believe, who possibly was an expert on financial matters, and asked if we would call him. The chairman said, "We will not call anybody to come and testify; but if the minority members desire to call him, they may do so." It was understood he would be invited to appear and would be heard.

Now, is the gentleman from Massachusetts [Mr. TREADWAY] willing to say that with all the Members of this House, members of the Committee on Coinage, Weights, and Measures, and members of the Committee on Banking and Currency, men who have specialized in matters of finance, that none of them were qualified to come and testify? The gentleman did not call one of them. Here in Washington are representatives of the United States Chamber of Commerce, the National Association of Manufacturers, and the American Bankers Association, who usually testify on matters of this character. Not one of them appeared. No request was made to appear. None of them appeared, not a single witness; not a single witness from either branch of Congress, not a single living soul in the United States had enough interest in opposing this legislation to request to be heard.

The gentleman from Massachusetts only had one expert, who it turned out had recently testified before the Committee on Coinage, Weights, and Measures, and that testimony was available and could have been embodied as a part of the hearings had it been so desired. Moreover, this expert is now represented as being the apostle of the gold standard, while only a few years ago he was known as an extreme silverite. He is the only witness ever suggested, and we gave them ample time to secure his appearance.

We called the committee to report the bill out; and now they say they requested it be postponed. The gentleman asked me if it was my purpose to call the committee in executive session and report the bill out. I told him that unless there were witnesses present desiring to be heard I intended to do so, as we wanted to report this bill as soon as we could. I called an executive meeting of the committee on Saturday afternoon, which the gentleman from Massachusetts did not attend. Prior to the executive meeting the committee further listened to the able presentation of the gentleman from Texas [Mr. DIES], and the doctrine was so sound and his statements were so convincing that the gentleman from Massachusetts, perhaps fearful he would be converted, absented himself from the committee room.

When the time came to report the bill, he was not present. It was his duty to be there. I had told everyone who had mentioned it that we would go into executive session at the conclusion of the hearings. Every member of the minority was gone except one. Two of the minority members said to me, "I will leave my vote with you. Vote to report the bill out." They knew the vote was going to be taken. They changed their minds subsequently, however, as they had a right to do, and signed the minority report.

Now, my friends, what about this report? You can search the archives of this Government, both ancient and modern, and I challenge anyone to find a counterpart to this minority report. I have never read anything like it. After setting out their grievances they boldly confess that they do not know anything about the bill. Let me read the last paragraph of the minority report:

> In view of the lack of information upon the bill, the minority are not prepared to enter into a discussion of the merits of the proposed legislation.

The gentleman who just preceded me, the gentleman from Massachusetts [Mr. TREADWAY], has said it was an involved bill, and his mind could not comprehend it. I think the gentleman from Massachusetts [Mr. TREADWAY], able Representative as he is, can understand when he wants to understand. There are none so blind as those who will not see; none so deaf as those who will not hear; none so stupid as those who close their minds against understanding. [Applause.]

The statement is made in the minority report that the Democratic majority is nothing but a rubber-stamp in the hands of the administration. My friends, I would rather be a rubber-stamp and have something to register, something to record, than to be a rubber-stamp and follow this minority report which contains nothing but ciphers and decimal points. That is all it contains, not a word of information.

Mrs. KAHN. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mrs. KAHN. We on the minority side are very anxious to have the gentleman explain the bill. Will the gentleman kindly explain the bill? [Laughter.]

Mr. DOUGHTON. Has the gentlewoman from California read the President's message?

Mrs. KAHN. I have read the President's message.

Mr. DOUGHTON. Has the gentlewoman read the hearings?

Mrs. KAHN. I have read the hearings.

Mr. DOUGHTON. If the gentlewoman has read the President's message, if she has read the hearings, and if she has read the very able and illuminating statement of the gentleman from Texas [Mr. DIES], and has read the report she should know something about what is in the bill.

Mrs. KAHN. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I do not yield further; I only have a few minutes remaining.

Mrs. KAHN. I should like to have some information as to the effect of the bill. I have read the hearings; I have read the entire list of the speculators in silver and have noted among them the name of William Jennings Bryan, Jr.

Mr. DOUGHTON. Mr. Chairman, I cannot yield further. If the gentlewoman, having read the bill, the hearings, and the report, cannot understand it, I could never enlighten her on the subject.

So much for the manner in which the bill was considered. Now, I ask the gentlewoman from California to listen to one paragraph of the President's message, for it will enlighten her to some extent on the purposes of this legislation. The President said:

> As a part of the larger objective, some things have been clear. One is that we should move forward as rapidly as conditions permit in broadening the metallic base of our monetary system and in stabilizing the purchasing and debt-paying power of our money on a more equitable level. Another is that we should not neglect the value of an increased use of silver in improving our monetary system. Since 1929 that has been obvious.

Does that declaration of policy and statement of purpose enlighten the gentlewoman from California?

Mrs. KAHN. I did not ask about policy; I asked about effect.

Mr. DOUGHTON. Well, we shall have to wait to see what the effect is. [Laughter.] I do not claim to be a prophet, but we all know the beneficent effects of the enactment of the Gold Reserve Act and the other acts enacted to carry out the President's recovery program.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER of Tennessee. I am sure the chairman of the committee will recall that the President's message definitely stated that this silver legislation is a part of the monetary program of the administration, which was contemplated at the time the Gold Reserve Act was passed; and I am sure the chairman will also recall that the spokesman of the Chamber of Commerce of the United States, to whom the minority members of the committee referred with such great pride, said that the mistake made was that the country did not go off the gold standard 2 years before it did.

Mr. DOUGHTON. That is true; and that appeals to every open-minded person. I may say to my good friend from Tennessee that every Member on the majority side knows and realizes that it is useless to cast pearls of information before the blind. It is absolutely futile, and I for one shall not waste time in such futile efforts.

Mr. Chairman, this legislation is in accord with and carries out the recommendations contained in President Roosevelt's message to Congress on the 22d of this month. The enactment of this measure will constitute another step in the recovery program by providing an improved monetary system for this country. Its enactment will likewise open world markets for the products of American agriculture, industry, and labor. It will raise commodity prices and accelerate business. It will enable the debtor class to meet their obligations.

It has been the consistent policy of this administration to further recovery through an expansion of our foreign markets, and the enactment of this measure is but another step to that end.

The enactment of this measure will also pave the way for international cooperation in aid of general world recovery, and the promotion of better means of exchange among the nations of the world, and will redound to the benefit of this country, both in increased foreign trade and in the stabilization of the dollar in our country.

At the London Conference all the leading nations agreed that the policy of debasing their silver money was disastrous to world trade because that policy tended to reduce commodity prices in two ways, (1) by reducing the price of silver, which is in itself an important commodity in international trade, and (2) by diminishing the quantity of silver capable of being used in international exchange, and as a circulating medium in the countries using silver.

World stabilization of silver, which was sought to be obtained at the London Conference, and which this measure will further, by providing not only for taking the surplus silver off the world markets, but also by its use as a monetary reserve, will increase the price of silver, thereby stabilizing the price of the dollar here and abroad and make it possible for countries producing silver and silver-using countries like Mexico and the Orient to purchase more of our products. At the present time, those countries producing silver, the silver-using countries, owing to the low value of their silver, are unable to purchase the commodities they would otherwise purchase if the value of their silver was enhanced.

The terms of this measure declares it to be the policy of the United States to increase the proportion of silver to gold in its monetary stocks so as to have one-fourth silver and three-fourths gold, thereby making a greater use of silver in the public interest, and in further aid of the policy initiated by President Roosevelt in his proclamation of December 21, 1933, bringing our newly mined silver into the Treasury, as well as placing our country among the first to carry out the agreement on silver which we sought and secured at the London Conference.

The percentage of silver to gold in our monetary stocks has varied considerably during the past half century. In 1884 silver constituted 32.3 percent of our total monetary stocks of gold and silver; 40.3 percent in 1890; 55.8 percent in 1895; 41.9 percent in 1900; 30.9 percent in 1910; 27.8 percent in 1915. From 1920 to 1933 it remained practically stationary around 16 percent, and on April 30 of this year, following the enactment of the Gold Reserve Act of 1934 and the devaluation of the gold dollar, silver constituted only 10.5 percent of our monetary stocks of gold and silver.

This measure, as I have previously stated, simply declares that it shall be the policy of this country to increase the proportion of silver to gold in its monetary stocks so that it will constitute 25 percent, which is much lower than in former years, as I have heretofore shown.

We are told by those opposing this measure that we are providing an unsound money, fiat or printing-press money. If this be true, what kind of money did we have in 1900 under President McKinley when silver constituted 41.9 percent of our monetary stocks of gold and silver; and in 1905 under President Theodore Roosevelt when silver represented 33.6 percent; and in 1910 under President Taft when it was 30.9 percent? If our money was sound then, when the percentage of silver to gold was much greater than this measure proposes, how can it be termed unsound money now?

While the enactment of the Gold Reserve Act of 1934 constituted a step in improving our financial and monetary system and laid the foundation upon which we are building a currency system that will be both sound and adequate, we should not neglect the value of silver and its increased use in improving our monetary system. Silver is a valuable component of any monetary system; and with a proper proportion of silver in our monetary stocks, we may look to a coordinated use of that silver to check the fluctuation in the purchasing power of the dollar.

This bill authorizes the purchase of silver and the issuance of silver certificates to an amount paid for such silver. A limitation is placed on the price to be paid for silver situated in the United States on May 1, 1934, at not to exceed 50 cents an ounce.

The administration and your committee were unwilling to permit a limited few to take advantage of legislative governmental action to enrich themselves at the expense of the Nation and the public welfare; and in addition to placing a limit on the price that the Government could pay for such silver now in the hands of speculators, an additional provision is incorporated in the bill levying a 50-percent tax on the profits derived by such speculators. These two safeguards are contained in the bill to thwart the avarice and the greed of those who, foreseeing the logical and necessary steps required to bring about further recovery and a more sound and substantial monetary system, sought to take advantage of the Nation. Without such provisions, the policy of equitably reimbursing the Government for the increase which its action will ultimately bring to the price of silver could easily be obstructed. Hoarders of silver are thus allowed only a profit that might reasonably be expected from investments made for industrial uses.

Prior to the enactment of the Emergency Banking Act, banks were closing daily, impounding the life savings of our people. Banks were failing at such an alarming rate that drastic measures were necessary to prevent utter economic ruin.

Bank failures

Year	National	State	Total
1928	57	442	499
1929	64	595	659
1930	161	1,191	1,352
1931	409	1,885	2,294
1932	276	1,180	1,456
1933	66	396	462

The figures for 1933 are only up to and including March 4, at which time President Roosevelt declared the national banking holiday, which more than any other act brought about a restoration of confidence to our people and dissipated their fears as to the future. The action of President Roosevelt in declaring a national banking holiday inaugurated the new-deal program of recovery and demonstrated to the country the character of leadership so sorely needed to bring order out of chaos. During 1934 there have been no national bank failures, and since the enactment of the Bank Deposit Guaranty Act, under the able leadership of the distinguished Chairman of the Banking and Currency Committee, Mr. STEAGALL, of Alabama, no bank, National or State, operating under the terms of that measure have suspended. From January 1, 1934, up to March 5, 1934, deposits in national banks alone have increased $1,200,000,000.

Such is the picture and condition our financial institutions have achieved under the Emergency Banking Act, the Gold Reserve Act of 1934, and the Bank Deposit Guaranty Act. Not only have our domestic affairs improved but our foreign trade has likewise shown improvement since the enactment of the Gold Reserve Act, and the devaluation of the gold dollar.

These laws were designed to give the Government control over its money in the interests of all the people. We have seen the beneficent results of these policies and the increased value of commodity prices and the restoration of a measure of prosperity in our country and their stimulus to foreign trade.

This bill can be termed a companion measure to that relating to gold, having the same objective and working through the same machinery for the common good of our people as a whole, and should receive the unanimous approval of the Membership of this House.

The courageous and outstanding achievements of the President of the United States since his inauguration in dealing with all major problems so essential to the restoration of this country from the blight and devastated condition in which he found it give ample assurance to the people that this legislation rests upon a sound financial basis; that it will be enforced and administered in such manner as to neither shock nor disturb any legitimate business industry, but, on the other hand, will further stimulate and accentuate the essential forces of recovery, and I predict that as a result of this legislation agriculture, industry, labor, and every legitimate business, occupation, calling, or profession will be the beneficiaries of its wholesome effects. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the short title of this act shall be the "Silver Purchase Act of 1934."

Mr. McFADDEN. Mr. Chairman, I move to strike out in line 3 the word "silver."

Mr. Chairman, I do that for the purpose of thanking the Chairman of the Ways and Means Committee for his splendid explanation of this technical bill and to also make some further observations in regard to what appears in the hearings in connection with the hoarders of silver, beginning on page 169 and going through the hearings to the end of those disclosures.

The particular thing that attracts my attention in this connection is that in the list of hoarders of silver, storers of silver, and purchasers of silver appears the Bank of Manhattan Co., of New York, N.Y., H. Hentz & Co., of New York and London, and the Chase Bank of New York and its affiliates.

The Bank of Manhattan has for its president James P. Warburg, a close associate and adviser of the President and the Treasury during this period of the advancement in price of silver. They are the largest holders and purchasers of silver for speculation and, from a hurried examination that I have made, their customers were advised and did purchase a great amount of silver as a speculation, apparently on inside information.

The firm of H. Hentz & Co., of New York and London, is controlled by Bernard M. Baruch, who has been cited as the unofficial President of the United States, a close adviser of the administration, and one of the large political contributors to the President's last campaign.

The Chase National Bank seems likewise to be one of the names that is more frequently seen than any other on these different pages. They, too, are very closely allied and in the confidence of the President and the Treasury and this administration. They seem to be among the largest ones that have purchased and advised their clients to purchase, and are apparently the largest holders of silver at this time in this list.

Mr. Chairman, I submit that these are pertinent facts in connection with this silver matter. These houses have not only represented their own interests and the interest of their customers in America, but the list discloses that they were agents for large purchases for foreigners in the speculation which has taken place in silver. I submit this administration is vitally interested, as are its friends, in seeing that the price of silver is stabilized and it is interested in seeing that the price goes up.

Mr. DOUGHTON. Will the gentleman yield?

Mr. McFADDEN. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. I thank the gentleman for his fine sarcasm in respect to my explanation of the bill. If he will explain one or two things to me, I will thank him again. May I ask him why he wanted to impeach the last President and still nothing that this President does suits him? If he will answer that question, I will thank him again.

[Here the gavel fell.]

Mr. GLOVER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am proud of the opportunity that I will have this evening to cast my vote for the passage of this measure. We have heard some discussion from the Republican side of the House today claiming that this is such a new issue that with only 8 days' study they are not prepared to vote on the question. There is not an intelligent reader in the United States who has not been reading the discussion that has been carried on by the Congress and the press ever since silver money was demonetized in 1873. This is not a new issue. We are now coming back to a sane, sensible proposition of handling our money, and may I say to you that it is my contention now, and has been for a long time, that the real trouble with this Nation is the fact that we have been living on a single gold standard of money, where it has been concentrated in the hands of a few individuals, where they could manipulate the markets and bring on a depression whenever they wanted to, and which they did the last time for the purpose of further carrying on the making of money for themselves.

About 500 people in the United States have owned and own now around 90 percent of the money wealth of this Nation. They are the ones that brought on the depression. They are the ones that wrecked the Republican Party. I introduced a bill in this Congress 3 years ago to do practically the same thing which is sought to be accomplished by this bill, namely, to return to the double standard of money, both gold and silver, through the issuance of $2,000,000,000 worth of silver money. That was in your administration and under your President who was fighting for a high tariff and a gold standard. That is what he ran on and he received fewer electoral votes than any man that ever ran for the Presidency of the United States.

I think we need a double standard of money, both gold and silver. Our Constitution provides for this. We are not returning to a new policy today. We are just simply returning to the Constitution, which some of you claim to love so much, but when you get back to it you begin to squirm.

I was surprised at the gentleman from Massachusetts [Mr. TREADWAY] and his speech. Nobody could have told from his speech which side of the question he was on. I doubt whether he knows himself. This will silence the newspapers that have been working for a gold standard from talking about fiat money.

When you get gold and silver back of money as a base you have something then that will stop this cry; and not only this, you have a base for a currency in the United States whereby you can always expand our currency in accordance with the needs of the people.

You can no more carry on business and have it prosperous without money than a human being can live without blood coursing throughout the body. We must have more currency. You have only about $11,000,000,000 of gold in the world. You have not enough gold in the world upon which to predicate sufficient money even for the United States, let alone the entire world. It is silly to think about carrying on the business of the world on a gold standard with the limited amount of gold available. I am pleased we are off it, and I hope we will forever stay off it as a single standard.

[Here the gavel fell.]

Mr. GLOVER. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GLOVER. Mr. Chairman, I want to say to the gentlemen of this House that when you return to this standard of money you are restoring help to agriculture in this country as you cannot in any other way. Agriculture has been crucified on a cross of gold at an altar of shame in this country, and you know it. Agricultural products went down and down and down to nothing on a single gold standard. If you had had a double standard of money, you never would have had a panic such as was never known before; a panic which wrecked the party over on the other side.

I was glad to see a revaluation of gold. This was a step in the right direction. Gold became entirely too high. It got so high that it took about $2 worth of labor to purchase $1 of it, and this is what wrecked labor in this country and is what wrecked the entire fabric of our Government. Money has to be regulated, and the revaluation of it resulted in the raising of commodity prices which had been swinging in an unequal balance of justice.

The only objection I have to this bill is that it does not go quite far enough. I should like to see the two moneys of our country tied together and have it on a 50-50 basis. I am a firm believer in the fact that the thing this country needs now most of all is an enlargement of the currency that goes into circulation. You have fewer dollars of money in actual circulation today than you have ever had before in this country, and this is what is the matter with the country. You cannot carry on business without money.

This bill authorizes an increase in currency and we will have more money under this measure.

If I were President of the United States today, with the authority given to him, I would issue enough of it to meet the needs of the people. We have now in the Treasury and Federal Reserve banks nearly $8,000,000,000 of gold, on which he could issue $15,000,000,000 of money and have a 40 percent gold reserve, the very thing you have been contending is all that is necessary under the gold standard. This is what we need and this is what we would have if we called in some of these interest-bearing bonds and paid them off and put the money into circulation. This country would then go on to prosperity.

During the last administration I heard the speeches over the radio of your President on many occasions and the boast of it all was that he had kept you on a high tariff and on the gold standard—the two things that absolutely wrecked his administration. If he had been off of that and on a progressive platform, he would have been much better off when the electoral votes were counted.

Oh, you talk over there about a brainstorm. There has been so much intelligence put into legislation in this House in the last 2 years that you think it is a brainstorm, when the truth of the matter is that not enough brains were used during the 4 years before and brains are being used now and you see the contrast and for this reason you think it is a brainstorm. [Applause.]

Mr. LAMNECK. Mr. Chairman, I move to strike out the last word. I ask unanimous consent to revise and extend my remarks in the RECORD and to include therein certain correspondence and statements in connection with this matter.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. LAMNECK. Mr. Chairman, ladies and gentlemen of the Committee, I have been giving consideration to the money question for a great many years, especially since I have been a Member of this House. Before I discuss the provisions of the bill, I want to call your attention to the methods we are using in the House of Representatives in passing legislation. I want to refer to the gold bill, the most important piece of legislation, in my judgment, that this Congress or any other Congress ever had to deal with. It will mean more to the future of our country than any other legislation which has been before Congress since I have been a Member.

When that bill was prepared and presented to the House a report was written by someone—I do not know whom, and I do not know who wrote the bill. The question was asked, "Who wrote the bill?", but this question has never been answered.

That committee's report was prepared by the Chairman of the Coinage, Weights, and Measures Committee or by someone else before the committee had ever seen the bill or before any hearings were held, and this report was voted out before 11 o'clock on the first day of hearings and before a single witness was consulted.

If that is the right way to pass legislation, I cannot agree to it.

I claim that proper consideration was not given to that very important bill, nor is proper consideration being given to the bill now before the House, notwithstanding the statement of the chairman of the committee. This bill will mean depression or prosperity. It is reported out by a committee that has no jurisdiction of the monetary question, and the only way jurisdiction was given the committee was because it put in a tax provision which was what gave it jurisdiction. This bill should have gone to the Committee on Coinage, Weights, and Measures, the members of which have made a study of this question and who have become informed especially about it.

I am opposed to methods of legislation that takes the right to legislate away from authorized representatives of the people, especially when we do not know and cannot find out who the authors of these bills are, and if we continue these methods we are going to destroy this form of government just as sure as you are sitting in the chairs you are occupying. [Applause.]

You know and I know that the prosperity of the people depends on the stability of gold and commodity values.

I am opposed to this bill because it does not take advantage of our great opportunity. It does not set up the principle of monetary control. It does not break the corner on gold. I want someone to explain how this breaks the corner on gold—I want an explanation from some advocate of the bill.

We are told that this makes silver a basic money. I cannot see it. It is a repetition of a form of silver money that has failed. It is another piece of legislation that ought to be defeated. [Applause.]

The bill does not restore the value of basic money in the world that was so destroyed by the action of Great Britain in 1929. It does not take from the international bankers the power to control our money and say whether we shall have prosperity or depression. I will tell you what it does do. It sets up a silver monetary bill without a monetary principle and without monetary control. Why do we leave out of this bill the principle of our control of money values? Why?

[Here the gavel fell.]

Mr. LAMNECK. Mr. Chairman, I ask unanimous consent for 2 minutes more.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. LAMNECK. Mr. Chairman, in this bill there is a provision which, we are told, is mandatory, which says that we shall have 75-percent gold and 25-percent silver. Let us see if this provision is mandatory. On page 2 it provides that no purchase shall be made hereunder "at a price in excess of the monetary value thereof"; and if next Monday, after the passage of this bill, the silver dollar reached the value of our gold dollar, we could not buy any additional silver at all, because it is forbidden under this part of the bill. I call the attention of this one of the jokers in this deck to those who are interested in silver from the silver-producing States. I do not care a continental about silver as such; but when I can use silver to bring back prosperity and control the purchasing power of gold, I am interested in that, because my constituents are crying out to me for relief from intolerable conditions which call for a remedy, and that is what I want to do. This bill will not do that.

Further, it provides that the Secretary of the Treasury can give you any price for your silver that he wants to. He can deduct any amount for seigniorage or other charges that he wants to, and under the bill he could pay you 10 cents an ounce if he wanted to.

(The correspondence and statement referred to above follow.)

FEBRUARY 13, 1933.

Col. LEONARD P. AYRES,
Vice President the Cleveland Trust Co.,
Cleveland, Ohio.

MY DEAR SIR: I received a copy of your comments on money conditions and other subjects.

Money legislation, in my opinion, will be passed in the next Congress, and there is a question whether we are going to accept a sound piece of monetary legislation or whether we are going to permit Congress to pass unsound legislation.

The financial interests in this country should make up their minds that they are going to be compelled to accept some change in the present set-up, and instead of opposing every proposal, good or bad, it seems to me that they should endorse a proposal, if it is good, and oppose others that are not sound. I am enclosing to you, as an expert on finances and money matters, copy of a bill which seems to represent the thought of the conservative element of the House. I would like to have you point out to me the defects in this proposed legislation, if any. In hearings covering 3 or 4 weeks, we have yet to find a single man who has successfully pointed out any unsoundness in this legislation.

I would like very much to have your comments.

Verly truly yours,

A. P. LAMNECK.

THE CLEVELAND TRUST CO.,
Cleveland, February 16, 1933.

Hon. A. P. LAMNECK,
House of Representatives, Washington, D.C.

MY DEAR SIR: I have read with interest and care H.R. 13000, which you courteously sent me with your letter of February 13. The bill has many features fundamentally similar to some of those of the old silver proposals of the nineties and, accordingly, has in my opinion the corresponding defects. There is little to be gained by opening up that old controversy, for the bad features of bimetallism are recorded in many places and substantially demonstrated by much history.

The new feature of the plan (sec. 9b) seems to be that silver certificates will be redeemed with varying quantities of silver, in accordance with the gold value of silver. The new theory is apparently that the world price of silver in terms of gold can be raised and pegged by the United States Treasury, and that world commodity price levels will move up as the price of silver advances. I think the chief objection to the bill is that neither of these two assumptions appears to be tenable.

The recent and bitter failure of price-fixing schemes has been such as to afford little support for new attempts. Within our recent memories unsuccessful attempts have been made artificially to lift and maintain the prices of rubber, coffee, cotton, wheat, copper, sugar, and other basic commodities. All have failed.

It seems to me that this bill is fundamentally a similar project to lift and sustain the price of a commodity widely entering into world trade, and to do it by artificial means. The price of any commodity can be temporarily lifted by purchasing enough of it. At the present time silver is worth in the international market about 25 cents an ounce and gold about $20 an ounce, so that the ratio is not far from 80 to 1. By freely paying gold to acquire silver the price of the silver can be lifted above the level that the ordinary laws of supply and demand have established for it. This lifting can be accomplished and continued as long as those who hold gold are willing and able to pay it out to those who have silver, and bid prices sufficiently generous to cause the holders of silver to part with it. If this were continued indefinitely, the silver holders would have secured all the gold, and the previous gold holders would have secured a large amount of silver. After that, prices would work back to the levels that might then be established by supply and demand.

Despite all the additional provisions of the bill, the fundamental nature of the project is simple and of the sort just discussed. Every history of money records a variety of attempts of this nature, and we have experienced several of them in our national history. The outcomes have always been of the simple and straightforward sort that one would expect them to be, and have been along the lines described.

There is an additional question to be considered. The similar movements of silver prices and general commodity prices depend, it seems to me, upon the presence of free markets, including that for silver. That this similarity in movement would persist under conditions in which silver prices were artificially influenced could, I believe, be seriously questioned.

Sincerely yours,

LEONARD P. AYRES.

FEBRUARY 22, 1933.

Col. LEONARD P. AYRES,
Vice President the Cleveland Trust Co., Cleveland, Ohio.

MY DEAR SIR: I have read with interest your letter of February 16.

This matter refers to the most vital issue that could possibly confront our Nation, because it affects the solvency of our financial institutions.

Our obligations exceed our ability to pay by a very wide margin. The confidence element is crumbling, and many of the conservative Members of Congress are much concerned that a sound proposal shall be put before Congress to restore confidence.

I regret that your letter of February 16 has given a hasty rather than a studious consideration of the bill that I enclosed. This bill does not open up the old controversy of bimetallism; on the contrary, it maintains the single gold standard.

The bitter failures of price-fixing schemes have resulted quite naturally from a failure to recognize that man cannot alter economic law. I regret that you did not so scrutinize this bill as to see that, so far from being an effort to alter economic law, the plan proposed operates in conformity with economic law.

Instead of attempting to artificially fix the price, the bill sets up a new use and permits an increased demand for silver, and, operating under the law of supply and demand, gives a control which can be then used by the Government of the United States to control by natural processes a market that has been knocked down by artificial manipulation. You will note that a free market for both silver and gold is preserved under this bill.

It is greatly to be hoped that the Congress of the United States can have the earnest support and assistance of such men as yourself in this critical situation, and I therefore invite your attention back to this bill (H.R. 13000) so that you may see its aim is to accomplish exactly the opposite of what you have inferred in your previous reading, and as set forth in your letter of February 16. Please observe that this bill aims to maintain the gold standard as a standard, and remedies the defects of the gold standard, due to the expansion of the value of gold, as a result of the scramble for gold reserves by the leading nations.

If we can relieve gold from this extraordinary demand that under the law of supply and demand has expanded its value to a point that has destroyed the profits from productive industry in the United States, which is killing the goose that lays the golden egg for this country, and at the same time breaking down our credit structure, we are salvaging the gold standard, preserving the capitalistic system, reinstating gold as an honest measure of value, and putting our Nation in a position to go forward on a gold-standard basis.

Neglect this break-down in gold, which relates entirely to gold as a reserve, and not to gold as a standard, and you are without a remedy in this situation. What Congress wishes to do, and what the purpose of this bill is, is to maintain gold as a standard of measure to preserve its dependability, and protect its integrity, so that we will not have a complete break-down of the capitalistic system.

Are you opposed to the accomplishment of these objectives? If not, you will be interested in working with us to evolve some measure that will result in placing some commodity in competition with gold in our reserves and yet maintain gold as a standard of measure.

The break-down in gold has come since the war, as a result of an extraordinary demand for gold for the purpose of reserves. We must have values in our reserves to support our credit structure. These values should be measured by a fixed standard of measure, which with us must be the gold standard; but you entirely relieve the strain upon your reserves if you will put silver in reserve to the extent that meets this requirement.

You do not monetize silver by this process. You merely monetize your reserves, and you furthermore maintain the gold standard for measuring the value of your reserves. Can you see any objection to this method of salvaging the gold standard?

Very truly yours,

A. P. LAMNECK.

P.S.—Please read the article in the National Sphere for the month of March, by Mr. John Janney, chairman of the executive board of American Society of Practical Economists.

FEBRUARY 25, 1933.

Hon. FRANKLIN D. ROOSEVELT,
Hyde Park, New York:

Ohio Democrats in House of Representatives at formal meeting, all present except one, have unanimously requested that you give an interview to committee of three for discussion of matter of major importance. Time is critically urgent. This relates to matter vital to success of your administration. We would not annoy you at this critical time in your affairs but we deem it absolutely necessary and as affecting the most vital policy of your administration as to matters that are now at focus and cannot be postponed, and touches a matter as to which, we believe, you have been inadequately advised. Patronage is not involved and will not be discussed. A direct interview is necessary. When may we have the privilege of meeting you?

ARTHUR P. LAMNECK, M.C.

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 24, 1933.

Hon. FRANKLIN D. ROOSEVELT,
President of the United States,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a memorandum submitted in accordance with the request that you made at the interview yesterday, May 23, 1933, between Representative FIESINGER, of the Thirteenth Ohio District, Mr. John Janney, our economic adviser, and myself.

If it meets your pleasure, we should be very glad to have a further interview, as you suggested might be desirable, for the purpose of full explanation and clarification of this extremely important matter.

Sincerely yours,

ARTHUR P. LAMNECK, M.C.

MEMORANDUM—AMERICAN PLAN FOR THE CONTROL OF GOLD VALUES

The question is whether the United States acting alone can exercise a controlling influence on the purchasing power of gold in world markets.

We know that England acting alone had an effect upon gold values by demonetizing silver in 1819–21. We know that the individual action of Germany, France, and the Latin Union and America in demonetizing silver had a definite effect upon increasing the value of gold. The question is, Can one nation reverse this movement and lessen the value of gold by a process tending to break the monopoly of gold in its monetary use by expanding the use of silver in its competition with gold?

The answer to this question is: No; one nation acting alone cannot do this if you contemplate a use which requires a definite fixed value of silver in terms of gold. No nation acting alone can prevent those fine variations of value between gold and silver, which are sufficient in the case of coin money, to upset their parity and have the effect of driving out the greater-value coins and keeping the lesser-value coins.

This discussion, therefore, abandons any thought of coin silver or giving any value to silver by legislation. It presents an entirely new picture of silver as money in the United States, though it uses an old and well-accepted formula in the money systems of the world.

Let us see, first, if the United States acting alone can purchase and place in its monetary reserves 100,000,000 ounces of silver and devise such a monetary use for this deposit as will not result in driving out gold; which is to say, demonetizing gold.

Let us propose that this 100,000,000 ounces of silver is placed in the Treasury of the United States against a certificate exactly the equivalent of the gold certificate. That is to say, there is issued against this deposit a legal-tender certificate agreeing to pay to bearer on demand its face value in silver bullion. This value being expressed in American dollars is a gold-equivalent value.

No one can say that the United States has not the power to buy this much silver and place it to this use.

What we have done here is to start a process that represents a force in the money systems of the world, just as when the use of silver in the monetary world was diminished by the demonetization of silver in certain countries, only the force is, of course, not in the same, but in the opposite direction.

Now, then, can we deny that the United States has the power to purchase 200,000,000 ounces or 500,000,000 ounces of silver to be placed to this use? The question is, What will be the effect of the purchase of, say, 500,000,000 ounces of silver? It must be noted here that there are two things that have been accomplished. The purchase of this much silver is one thing, but putting it to a definite monetary use is a second and very much more important thing. To buy this much silver and adapt it to some use that might imply a future sale of the silver would be like the purchase of wheat by the Farm Board. A definite monetary use is a necessary part of any plan to expand the area of influence of silver in the monetary system.

If the United States of America does not undertake to purchase a given quantity of silver, and especially if the United States is careful not to attempt to place silver to a higher price than is easily within its power to maintain by this process of purchase, it is impossible to deny either that the Nation can do this thing alone or that the accomplishment of this will have an important bearing upon gold values in the markets of the world.

It may be urged that a flood of silver will be forced upon the United States by increased mine production or that the hoards of silver in Asia will be loosed upon the markets of the world. These two pictures must both be taken into consideration. If the United States is offering to buy this silver at a price that is high enough to bring out all this silver, it merely means that the price offered is too high.

The plan contemplated, therefore, must protect this phase of the question by reserving to the United States control in the matter of price which it offers for this silver. If the silver flood begins to pour, we must lower the price we offer. If the flood does not pour, we are privileged to continue to increase the price until we arrive at the desired level between gold and commodities.

As we continue to buy silver and place it in our reserves for the use stated, and as we thereby gradually raise the price of silver in the world, we are increasing the total value of the monetary wealth of the world to exactly that extent that we increase the value of silver in the world.

If under this plan the United States can add $3,000,000,000 to the value of silver in the world, which, let us say, is a value that has been destroyed by the recent action of England, it is reasonable that we will neutralize the effects of that action. But it is entirely within the power of the United States to continue to purchase silver should it develop to be necessary, until the value of the silver in the world can be increased $6,000,000,000, and to this extent reduce the value of gold. By continuing the process we can place gold at a value to reinstate the 1926 price level and hold it there.

Let us examine this question from the standpoint of a flood of silver. Let us assume that we will have a flood of silver. In this case, by keeping the price low the United States can add, by absorbing this flood of silver, to its monetary reserves a large volume of silver at a low value, and as we do this we will develop a desire on the part of other nations to gain for them the advantage of a monetary reserve by like process, provided these nations are situated as we are in reference to the price level. In other words, Brazil, Argentina, and other producing nations whose banks of issue are depleted of reserve, can see the advantage of buying low-priced silver, which inevitably must be facing a continual rising market as it is being purchased for this new use. In the event of a flood of silver the monetary system of the United States will be benefited by a large additional increment of silver in reserve to bolster up its debt structure and its monetary system.

If, on the other hand, the flood of silver does not come, by the purchase of a small amount of silver the United States adds value to the silver hoards distributed throughout the world, so that this monetary wealth will continue to spread in area until gold is restored to normal values.

We therefore must devise a plan which is equally adapted to the flood of silver which may come or to the contingency that a limited amount of silver only can be purchased within the price limits.

Having a plan that is adapted to these two extremes, we can now consider the probabilities of increased production of silver from the mines and the releasing of hoards of silver from Asia.

The charts will show that in all periods of stable silver values and increasing silver values, the balance of exports over imports of silver from Asia has been in favor of increasing imports. That is to say, Asia imports more silver under high prices and stable values, because silver gives a more desirable storage for wealth, and this demand for silver diminishes under low values of silver for the reverse reason. Charts have been compiled and are available to illustrate this. So, as to the hoards of silver in Asia, we cannot expect them to be available to us for the increase of our monetary reserves upon an increased price; but if for any reason they are rendered available and are let loose as a flood upon us, we will be benefited by this flood under this plan, as we are able to buy at lower prices and we can digest this silver by placing it to beneficial use as a care for the inflated debt structure, just as if that much additional value in gold had been produced from our mines or acquired in commerce.

Now, as to the increased production of the mines, we submit figures to show the production of silver in the world since 1873. During these years there have been various periods of rise and fall of the price of silver. It is significant that during periods of high prices of silver, such as existed during the World War, it became necessary for England to call upon the United States to give them the use of its silver reserves to meet the demand of silver from Asia.

Why did not these nations yield up their silver hoards at these high prices? Also, we note that during the period of 1920–21, when the United States was purchasing silver at $1 per ounce, the total world production was, roughly, 175 million ounces, whereas in 1927–29, when the price of silver was 65 cents an ounce, the annual production was around 250 million ounces.

The higher production of silver at lower prices is due, of course, to the fact that a ton of copper or a ton of lead would have to be produced from most of the silver mines of the world in order to produce a few pounds of silver. Since most of the silver is a byproduct from other metals, the law of supply and demand determining the production of these other metals will limit the production of silver by a rigid prohibition as to its excess production. Over 80 percent of the world's silver comes as a byproduct from such mines.

But there must be in any program a freedom to admit of possibilities. We must admit that the production of silver will increase and provide for taking care of that increase. The average production of silver over a period of 57 years has been 13.6 ounces of silver to 1 ounce of gold. Suppose the amount of silver produced in the world is doubled for the next 10 years over its present production. This is an extravagant assumption, but even that will be adding only 1,500,000,000 ounces of silver in 10 years, over the present rate of production, and would add only about 500,000,000 ounces in 10 years over the average rate of production in recent years.

But let us assume that over a period of 10 years twice this amount, or 1,000,000,000 ounces, of silver will be added to the normal production. What would be the effect of this additional increment to the 9,000,000,000 ounces already produced during the last 57 years? It would be one-ninth of the total production for these years, and would vary the ratio from 13.6 to 1 to approximately 15 to 1.

Under the plan proposed, not only could such an increased production of silver be absorbed, even if the United States were acting alone, but a much greater increase of production than this could be absorbed. No one familiar with the statistical position of silver or with the possibilities of increased production would claim that such an increased production would be probable or even possible.

Returning to the possibility of the United States acting alone: By purchasing 500,000,000 ounces of silver for this use we would offset the extraordinary amounts thrown on the market during recent years, sold through the Bank of India, through the melting out of European coins and from other sources. Having reinstated the supply and demand balance of silver by this purchase, if the United States were to purchase 50,000,000, or, at most, 100,000,000 ounces per year to add to its silver reserve, we could easily absorb any possible increased production. The only question would be: Do we so increase the monetary wealth as to create a disproportion between monetary wealth and circulating debts?

In view of the problem in the world of handling the continually increasing debt structure, this objection becomes a blessing and offers a means of escape rather than a burden for the United States, and opens a hope to the rest of the world for some relief from its burden of debts by providing for a more normal ratio between circulating wealth and circulating debts.

And it must not be lost sight of that all the time the United States Government is in control of the amount of silver placed in reserve, so long as it is in control of the price at which the silver is purchased; and the silver should not be purchased except to such an extent as restores the normal gold value—except that after restoring normal gold values the additional increment can be added to the monetary wealth of the world to enable a reduction of debts to the point that makes these debts a bearable burden to society. Only in this way do we effectually remove the risk of a break-down of society as a result of the continual pyramiding and mounting of its debts.

If the United States of America, acting alone, can buy 1 ounce of silver, it can buy 1,000,000,000 ounces of silver for such use as above stated. The question is, Where would 1,000,000,000 ounces of silver come from, and what would the purchase of this much silver do to gold values? It is much more easy to see that the purchase of 1,000,000,000 ounces of silver would be impossible without placing gold values below the scale of 100 on the commodity price level, than to visualize additional offerings of silver after this much had been acquired. But under the plan proposed, if additional offerings of silver do come, it is beneficial rather than a burden, because no fixed ratio is contemplated and no fixed value of silver is required, and a limit of value of the silver it will buy is within the control of the Government of the United States.

In other words, the picture is entirely different from any monetary picture that uses silver which has heretofore been presented by the American Government, and it employs the same formula, by restoring the area of silver monetary uses, which England has employed by reducing the area of silver in its monetary uses. It keeps under control the power factor so completely and so effectively that it is impossible to see anything that any other nation can do to upset or that would interfere with this control.

It is a very different thing from dealings in exchange where the nations with whom we deal have the power to dominate the supply and demand of these exchanges. It is a matter of dominating the demand for a commodity of very limited production. With the limited world stocks that are in existence and the even more limited world stocks that are available for purchase, this plan presents a completely new picture of America in its relation to world money. It cannot be visualized by the mind that has not first thrown out of consideration all of the rules and all of the usually accepted formulae that have to do with a money system with two metals coined with a given content, so that a parity must be maintained between the metals in order to assure a sound monetary system.

The above is a memorandum requested by the President in interview May 23, 1933.

ARTHUR P. LAMNECK,
Representative from Twelfth District of Ohio.
WILLIAM L. FIESINGER,
Representative from Thirteenth District of Ohio.
JOHN JANNEY,
Their Economic Adviser.

World production of gold and silver since 1873 in fine ounces, showing also ratio in production of gold and silver

Calendar year	Gold	Silver	Ratio
1873	4,653,000	63,276,000	13.6
1874	4,390,000	55,300,000	12.6
1875	4,716,000	62,261,000	13.2
1876	5,016,000	67,753,000	13.5
1877	5,512,000	62,679,000	11.4
1878	5,761,000	73,385,000	12.7
1879	5,262,000	74,383,000	14.1
1880	5,148,000	74,795,000	14.5
1881	4,983,000	79,020,000	15.9
1882	4,934,000	86,472,000	17.5
1883	4,614,000	89,175,000	19.3
1884	4,921,000	81,567,000	16.6
1885	5,245,000	81,609,000	17.5
1886	5,135,000	93,297,000	18.2
1887	5,116,000	96,123,000	18.8
1888	5,330,000	108,827,000	20.4
1889	5,973,000	120,213,000	20.1
1890	5,749,000	126,095,000	21.9
1891	6,320,000	137,170,000	21.7
1892	7,094,000	153,151,000	21.6
1893	7,618,000	165,472,000	21.7
1894	8,764,000	164,610,000	18.8
1895	9,615,000	167,500,000	17.4
1896	9,783,000	157,061,000	16.1
1897	11,420,000	160,421,000	14.0
1898	13,877,000	169,055,000	12.2
1899	14,837,000	168,337,000	11.3
1900	12,315,000	173,591,000	14.1
1901	12,625,000	173,011,000	13.7
1902	14,354,000	162,763,000	11.3
1903	15,852,000	167,689,000	10.6
1904	16,804,000	164,195,000	9.8
1905	18,396,000	172,317,000	9.4
1906	19,471,000	165,054,000	8.5
1907	19,977,000	184,206,000	9.2
1908	21,422,000	203,131,000	9.5
1909	21,965,000	212,149,000	9.7
1910	22,022,000	221,715,000	10.1
1911	22,397,000	226,192,000	10.1
1912	22,605,000	230,904,000	10.2
1913	22,254,000	210,013,000	9.4
1914	21,301,000	172,263,000	8.1
1915	22,737,000	173,000,000	7.6
1916	22,031,000	180,801,000	8.2
1917	20,345,000	186,125,000	9.1
1918	18,614,000	203,159,000	10.9
1919	17,698,000	179,849,000	10.2
1920	16,130,000	173,296,000	10.7
1921	15,974,000	171,285,000	10.7
1922	15,451,000	209,815,000	10.9
1923	17,790,000	246,009,000	13.9
1924	19,031,000	239,484,000	12.6
1925	19,025,000	240,213,000	12.9
1926	19,349,000	253,795,000	13.1
1927	19,431,000	253,981,000	13.1
1928	19,755,000	257,925,000	13.1
1929	19,496,000	261,715,000	13.4
Total	748,427,000	9,023,669,000	773.6

57 years (average), 13.6.

MAY 26, 1934.

Hon. FRANKLIN D. ROOSEVELT,
President of the United States,
the White House.

MY DEAR MR. PRESIDENT: I have just read the remarks of Senator KEY PITTMAN in the CONGRESSIONAL RECORD of May 22, 1934, on page 9216, in which he says:

"I am authorized, on behalf of the President, to whom I talked over the telephone, to make these changes, and also to state that, at the time the question was raised by the Senator from Oklahoma [Mr. THOMAS], that the bill did not make silver primary money; the President expressed his ignorance of what the words 'primary money' meant."

I agree with Senator THOMAS that your bill does not make silver a primary money. How can you, in view of your reported statement, take the responsibility of substituting for the bill, which has been proposed by the authorized committee of the House of Representatives, a different bill proposed by your advisers who have no responsibility under the Constitution for enacting legislation of this kind—especially when silver must be made basic money to defend America in its present critical situation.

The Members of the House, as you will recall, have been since February 1933 trying to inform you and other members of your Cabinet, including the Secretary of the Treasury, on the kind of monetary legislation which would make silver primary money under American control and without international complications.

I repeat now what the Ohio delegation, in a telegram to you on February 23, 1933, said, before you took the oath of office. In that telegram they asked the privilege of an interview with you to discuss legislation we were proposing of vital importance to the success of your administration. Had that legislation been investigated impartially and passed by the Congress of the United States we would now be out of the depression.

The silver program proposed in Senate 3658 is a piece of legislation without definite policy as to prosperity or depression in our price levels. It will not produce the results America wants and will be certain to continue the depression for some time to come, and, in my humble opinion, will absolutely wreck the Democratic Party.

Through the proper monetary legislation lies your only way out. The only proposals that could be at all considered as an American program, favorable to the American people, that has been introduced in the Congress are the Wheeler amendment to the gold bill in the Senate and the Fiesinger bill in the House of Representatives, and neither of these measures were advanced or approved by your advisers, though they both make silver legal tender for its accepted value, which is what makes it basic money. Their suggested legislation has been against American interests.

Silver must be used as a defensive weapon to control the value of the commodity—gold, which measures in world markets property and commodity values. Silver must be used to break and control the corner on gold. Therefore it must be made a primary money, and it must be under control of America, freed from international restraint. All of this could be made clear if the Rules Committee would permit the debate in the House on this important subject.

Certificates issued against the silver bullion in the Treasury and made legal tender would make silver the metal of ultimate redemption, and if measured out in gold equivalent values would keep these certificates at all time on a parity with other gold moneys.

Silver should be taken into the Treasury at the world market price. The limit on quantity and price could be set when we reach the 1926 price level. However, according to the proposed bill, you fix limitations which will prevent both the control and the reservation of prosperity and price levels that will bring prosperity. You fix limitations which tie your hands so that you will have a price level that will never restore prosperity to this country and will continue to permit the international bankers and foreign countries to regulate our money values and to say whether America should have prosperity or depression.

The House measure, embodied in the Fiesinger bill, is the legislation we should have. No expert in the service of the Government or outside of the Government has produced any arguments that I have seen or heard to prove that it would not restore the price level and break the corner on gold, which are the two objectives that we must attain.

I am a member of your party, would make any sacrifice within my power to restore normal conditions, but when we face adjournment with such a money proposal as introduced by Senator PITTMAN I can see nothing but darkness and disaster to our party and country.

I am writing this letter in all sincerity for your interest and simply to try to influence you some way to make a very detailed examination of the legislation that you are advocating in comparison with the legislation which we wish to have fair discussion in Congress and which you and your advisers seem to be opposing.

Assuring you of my loyal support and best wishes, I am,

Respectfully yours,

A. P. LAMNECK, M.C.

WILLARD HOTEL,
Washington, D.C., December 23, 1933.

Hon. FRANKLIN D. ROOSEVELT,
President of the United States,
White House, Washington, D.C.

MY DEAR MR. PRESIDENT: The interview between Dr. Sprague and the writer, which occurred on October 5, and which was referred to by the Speaker of the House in his speech in New York and as noted in the newspapers of day before yesterday, emphasizes the importance of my immediately writing to you as to what I believe to be a conspiracy against the United States. I will refer also to recent interview with Dr. Warren and Professor Rogers, which followed from my visit to the White House, in response to letter I received from your secretary, Mr. McIntyre, requesting that I interview these gentlemen. I feel it my duty to report to you that in all of these interviews I found a startling absence of fundamental thinking, so far as the interest of the United States is concerned. I found a subtle completeness of thought processes, so far as protecting the interest of Europe is concerned. I further found an absence of comprehension as to the difference in the interests of Europe and the United States.

I attribute this advocacy of Europe and betrayal of American interest to orthodoxy or teaching and not to a deliberate effort to betray our country.

I do not know why your secretary wrote me to interview these men, nor why Secretary Woodin arranged the interview with Dr.

Sprague, which interview was taken down by a competent reporter and is available in detail for your consideration. I did not request these interviews. On the contrary, in my letter of November 1 to Mr. McIntyre, I gave reasons against the interview proposed by him. I do not understand just what my responsibility is in this important matter. But if these proceedings have any taint of placing responsibility upon me as an economic advisor of certain Members of the House of Representatives or of the committee of the House, who has reported on this question, I feel sure you will pardon me if I wish to fully divest myself of any such responsibility.

A frank statement of my personal views and impressions gained in these conferences would seem to be in order. My view is that you are surrounded by advisers who have honestly absorbed English tutorage on monetary policy.

This is a point of danger, but the greatest danger is something entirely different. I sense a kind of conspiracy among European sources of influence or propaganda to the end that this Nation is being led into a trap. We are all of us being surrounded by this influence.

You, yourself, broke away from it as formulated in one trap, by eleventh-hour action as to the London Conference. How nearly we fell into that trap, you are fully advised. Now, in a little different form, the same trap is set again and you must be equally diligent. I feel it in line with my duty in the above situation to make to you a formal report and record as follows:

These interviews, so far as they were permitted to progress, show that these three men, Dr. Sprague, Dr. Warren, and Professor Rogers, are all in favor of an economic theory that should be considered favorable to England, France, and other nations in their class, and against the interest of the United States and nations economically situated in its class.

Dr. Sprague was frank in expressing favor of English control of money values and opposed to American control. Professor Warren and Professor Rogers, while not so frank in expressing this view, are in favor of policies that will result by subtleties in English control of world moneys. There is a trap set here where the real truth is not disclosed because it is not superficial and these men seemed to be unwilling to dig into the subsurface and consider the fundamental facts. They are not frank as Dr. Sprague was in avowing favor for English control. They would, in fact, deny it in words, while they advocate it in action—not intentionally, of course.

I do not need, Mr. President, to tell you that I have complete confidence in you in every respect; your loyal advocacy of the interests of the United States; your intelligent grasp of this question; your earnest effort to serve the people. These need no eulogy from me, but as President Washington was misled in his advocacy of the Jay Treaty, which relinquished our right to the freedom of the seas, as President Grant was misled in his approval of the monetary law of 1873, so it is possible for you to be misled, unless you consider the two sides of this monetary question and share with Congress this responsibility by permitting full and free debate upon this question.

I will state briefly and somewhat roughly these two opposing principles:

AMERICAN INTEREST

If you will study a proposal to increase the gold content of the dollar 25 percent, or to about 28 grains of gold, and then lower the purchasing power (as expressed in world commodities) of gold to the 1926 price level for this new dollar you are thereby increasing the purchasing power of the products of American resources in terms of world trade to an extent that will insure American prosperity. This would be decreasing the purchasing power of the ounce of gold to approximately 50 percent of its present purchasing power. It would give the 1926 price level to the dollar and a still higher price level to our commodities in terms of world trade.

EUROPEAN INTEREST

If you decrease the gold content of the dollar 50 percent you lower the purchasing power of the dollar but leave the purchasing power of commodity gold uncorrected. Then you advance European interest and defeat permanently American interest. (By purchasing power I mean in terms of world trade and not in terms of dollars or other currencies.) It can be undeniably shown that this plan does not give to America control of the value of her commodities in world trade. It does not give to America control of the purchasing power of gold, but you do sacrifice permanently the great opportunity now available to you. If you do not change the gold content of the dollar you can control the value of gold and also the value of the dollar. If you increase the gold content you strengthen the American position. But if you decrease the gold content you will thereby decrease the purchasing power of American resources to a degree that will insure great prosperity for the nonproducing nations of Europe and saddle this country with a lengthy period of depression. And that is not all, you will permanently place this country in a position where it cannot exercise the power now available to control gold values as a commodity, which means the purchasing power of our products in world markets.

THE TWO PLANS CONTRASTED

The difference in the two plans is essentially this: In the first, America assumes control of the purchasing power of all gold values in world commerce among gold-standard countries. In the second, we leave this control with Europe and thereby we leave to them the power to manipulate our changed gold dollar hereafter and to manipulate the currencies of the world. Our power to correct our position which we have suffered ever since 1836 is gone. Our position will then become intolerable.

Whoever controls gold values in terms of dollars or francs or other detached currencies, accomplishes nothing other than an adjustment between debtor and creditor. Whoever controls the value of the commodity gold, controls the prosperity of this Nation and the commerce of the world.

The value of world commodities in undefined currencies represents a vital deception that has worked into this discussion. This deception must be cleared before we make a false step based upon it. The stakes are momentous, are ruinous. They represent a disadvantage to this country that will run into billions of dollars per year. This loss we cannot continually endure.

If this disadvantage is fastened upon this country by binding international agreement, such as the Jay Treaty or the Hay-Ponceforte Treaty, it will eventually mean war between the United States and Europe or else the complete servitude of the United States to Europe in monetary policy. America will then be somewhat in the position India now occupies.

Without the freest kind of public discussion and free parliamentary debate, such an arrangement would take the risk of a revolution in this country and the responsibility of determining an issue of such far-reaching consequence is a responsibility that cannot be taken in any other way unless the spirit and intent of our Constitution are ignored.

This whole proceeding in regard to our monetary policy must be taken away from secret discussions of experts and given a full and free airing upon both floors of Congress if there is to be any chance of counteracting European education and European influences which all who understand this subject see clearly to be a potent force in guiding such clouded public opinion as prevails on this subject in America.

Permit me to say that the gold-content clause was not allowed freedom of debate in the House of Representatives at the time it was enacted. It was urged as an expedient to give power to the Government for the purposes of the London Conference. It was in some quarters considered as a delegation of power not to be used unless necessary, without further debate in Congress. The record will show that there was no adequate debate on this question.

Permit me further to say that the entangling agreements with other countries as embodied in the proceedings at the world conferences, secured by Senator PITTMAN, relating to limitations of the action of governments, as to silver, will have the effect of limiting our control in this matter. Otherwise, it can be shown that we have free control. If we engage in entangling alliances with other nations as to the matters of monetary policy proposed in this morning's papers, you will further tie the hands of this Nation without any compensating advantage.

And in conclusion permit me to say that you cannot safely blindly follow these men who are your advisers. At least, you cannot follow them so long as they cannot face a discussion across the table in the presence of responsible Government officials, in the presence of a reporter to make a record of this discussion, and in the presence of Representatives of the Congress who are members of this committee charged with constitutional responsibility in this matter.

Our country is being betrayed by false teaching. This is not my personal view alone. It is the view of almost all of those who with me have studied this question. What I have stated in this letter represent the views of many of our patriotic citizens who find themselves unable to speak to you on this subject. Among them are citizens of this country who perhaps hold a higher constitutional authority and responsibility than even the executives hold on this subject. I refer to a member of the committee of Congress, which under the Constitution has jurisdiction on this subject, which committee, under authority of expressed resolution of Congress (Feb. 8, 1932) has devoted months of study to this subject, and has stated to Congress, in formal report, that we are suffering from "the legislative acts of European countries" (Rept. No. 1320, May 14, 1932). I refer also to a member who in conference with other members of this committee has introduced a bill in Congress (H.R. 1577 of the first session of this Seventy-third Congress) which gives a defensive plan to America and in a way that avoids entangling agreements with other countries.

In my interview with your various advisors I have been shocked to find that these men not only have not studied this proceeding of Congress but apparently they did not know of it. In my conference with Dr. Sprague, I found that the paper which you requested should be submitted on this subject to you on May 24 had never been read by him. On that date you requested Congressman FIESINGER, Congressman LAMNECK, and myself to submit a certain written discussion bearing on this question. This was handed by Congressman LAMNECK to your secretary, Mr. McIntyre. It was submitted by him to Dr. Sprague, and in the conference with Dr. Sprague, in answer to question, it was disclosed that he had never considered the matters contained in this document.

It is with great regret that I feel it necessary to occupy your valuable time with this communication. You will recall I have never before since your election to the Presidency volunteered any communication to you on this subject. There have been many requests that I know of from others or suggestions that I communicate with you on this subject. Until now I have not seen it as my duty to do so.

I now see the possible betrayal of the vital interests of this country, innocently of course, but none the less effectively, unless these vital matters are given full consideration. Those who pose as advocates of these two respective sides of this question must be heard. You cannot leave the advocacy of the American side of this question to your advisors for the reasons I have above suggested, and the intimation in today's press of a hasty action on the very eve of the assembly of Congress, in a matter where constitutional authority is vested in Congress, causes me the greatest concern and I may venture to say, strongest sense of personal responsibility.

Someone should communicate with you thus freely and frankly on this important matter. Everyone is leaving it for someone else to do. In this circumstance, I feel I must view my responsibility as advisor to Members of Congress in this matter, a sufficient ground to trespass upon your valuable time to the extent of sounding this note of warning as to the hidden dangers that lurk below the surface in this intricate and important matter.

With great respect, I am

Very sincerely yours,

JOHN JANNEY.

HARVARD UNIVERSITY,
GRADUATE SCHOOL OF BUSINESS ADMINISTRATION,
Soldiers Field, Boston, Mass., February 28, 1934.

Mr. JOHN JANNEY,
Chairman of the Executive Board,
American Society of Practical Economists,
Willard Hotel, Washington, D.C.

DEAR MR. JANNEY: I notice that your letter to the President, dated December 23, 1933, has been reprinted in the hearings of the House Coinage Committee on the Gold Reserve Act of 1934. In this letter you state, on the basis of our interview of last November, that I am in favor "of English control of money values and opposed to American control."

Although I have not the benefit of the stenographic notes which were taken at the time, a copy of which I think it would have been courteous to send me, my recollection of the conversation is very clear. You asked me whether I believed it possible for any single nation to control money values, and I replied very definitely that, in my opinion, it was not possible. I then added that in view of recent disclosures regarding certain bankers in New York City, if it were possible, in my judgment, there was more professional spirit, as well as wider world experience, among British bankers than was possessed by American bankers. In saying this I was not contradicting my earlier statement that it was impossible for any nation to control the value of money.

In view of the wide publicity which is being given to your letter at the present time, I must insist that you make this correction in your statement of my views.

Yours truly,

O. M. W. SPRAGUE.

WASHINGTON, D.C., *March 5, 1934.*

Dr. O. M. W. SPRAGUE,
Harvard University, Boston, Mass.

DEAR DR. SPRAGUE: Your letter of February 28 was duly received. I am glad to receive this letter because it seems to offer the hope that you might favor a plan for American control of money values. The most important single problem before the world today is to restore normal and stable buying power to gold at a price level that will restore prosperity and under American control.

As soon as you can advise me that you definitely favor such an accomplishment I can show you how it can be done and I believe I can provide a way for you to help.

You refer to my open letter of December 23 to President Roosevelt, in which I said: "Dr. Sprague was frank in expressing favor of English control of money values and opposed to American control."

In the interview at the Treasury Department in October you were asked as to this choice of control and in your reply you said: "I think it had better be in London at the moment." This is an expression in favor of English control.

Also you said: "I do not think we have developed in our disorganized or multiplicity of banks a personnel to exercise that control wisely if it were possible, as wisely as England. * * *." I think you will agree with me that these expressions afford a basis for my statements to the President.

You were not asked the question whether you "believed it possible for any single nation to control money values." I will quote in full Mr. Blagden's question and your reply.

"Mr. BLAGDEN. That, of course, I think we all know, but we have not gotten any nearer answering the very first question, and the very first question is, Do you think it would be better if the United States took possession of the control of gold values, or if we left this control with England?

"Dr. SPRAGUE. Given our existing banking organization and banking personnel and limited experience in world affairs, if anybody had to control, as I say, I do not think it can happen, I think it had better be at London at the moment. I do not think we have developed in our disorganized or multiplicity of banks a personnel to exercise that control wisely if it were possible, as wisely as England, and I would not want to see it in London, but as a practical matter, where I would prefer it lodged at the moment, it would be in London for those reasons which are not fully developed. I am simply accepting it as a business proposition that there is more experience, more sense of responsibility, if you please, on the whole, though not enough."

You ask as to a copy of the record of this conference. Shortly after this conference Secretary Woodin telephoned me that he had arranged an interview between President Roosevelt, himself, and myself. The absence of Secretary Woodin has indefinitely postponed this interview. Mr. Blagden has an extra copy of this conference available, and this would probably have been forwarded to you before this but for the illness of Mr. Woodin, who would, of course, be the proper person in the circumstances to furnish you a copy, as this interview was arranged by him while he was Secretary of the Treasury and while you were in the employ of the Treasury Department.

I am very well aware that this Nation acting alone can control the buying power of gold and I am informed as to how this can be done, but for some reason which I cannot explain there is a resistance to the free circulation of basic truth about it. There is a kind of suppression of simplicity as though it were a doctrinal subject which needs to be injected with mystifications and complexities and which is distracted by divisions of opinion, whereas there is no difference of opinion when you get down to the fundamentals; neither is there room for mystification. It is all simple mathematics with the one and only formula, the demand-supply ratio, which is the simplest of mathematical equations.

Civilization is going into a tail-spin unless a complete reversal toward a sound monetary control of gold values in terms of buying power of gold is soon adopted. A major disaster is bound to follow from either continued monetary artifices or a prolonged stagnation of world commerce. What we have from China, Austria, France, Germany, and elsewhere are but the rumblings of an impending cataclysm.

Very truly yours,

JOHN JANNEY.

MARCH 28, 1933.

Hon. MARVIN H. MCINTYRE,
Secretary to the President,
The White House, Washington, D.C.

MY DEAR MR. SECRETARY: Following a conversation that was had with your secretary, Mr. Kenney, this morning, I am again renewing the request made to President Roosevelt on or about February 26 last, and again a few days ago to you personally.

The enclosed copy of telegram contains the information the delegates from Ohio wish you to have as to facts, and we are somewhat perplexed to know why this interview has not been granted, since it involves, in our opinion, matters of very great importance.

We desire to talk with President Roosevelt relative to certain matters outlined in conference with a considerable number of the Members of the House of Representatives, and which, we believe, will reflect the majority views of the House if brought before it for a vote at this time.

No legislation that has been or is now being considered by the President is, in our view, as important for the success of his administration and for the success of the Democratic Party as this proposal.

We shall greatly appreciate an opportunity to lay this matter before President Roosevelt at the earliest possible time.

Sincerely yours,

A. P. LAMNECK, M.C.

NEW YORK CITY, *November 1, 1933.*

Hon. M. H. MCINTYRE,
Secretary to the President,
The White House, Washington, D.C.

MY DEAR MR. MCINTYRE: Your letter under date of October 26 arrived yesterday.

It will give me pleasure, at any time, to do anything I can that will be helpful to the administration in its study of economic conditions, and I will gladly meet with the gentlemen you have named for a free and unrestricted exchange of views such as may be helpful in digging out the truths that govern these matters.

However, in your proposal to discuss Judge FIESINGER's views with Professor Warren, I wonder if the President realizes that the conflict between Professor Warren's proposals and Judge FIESINGER's are so fundamental that neither should be an arbiter of the other's proposals. To all, so far as I know, who understand the fundamental idea of the Fiesinger bill, Professor Warren's proposals are pro-British in their economic effect, and I think it can be shown that they are a contributing factor in the rapidly reviving British prosperity as well as an important factor in the continuance of American depression.

If I might be permitted to make a suggestion it would be that Professor Warren's views should be studied by the administration, in contrast with the recommendations I have made to Congress (as set out in the committee's reports and in the Fiesinger bill) and in such circumstances that each has full opportunity to point out, to the administration, all the defects of the one as well as the benefits of the other. And to show the costs to follow from the mistakes that each may see in the plans of the other. Nothing but benefit could come to the Government from such a discussion for it would tend to clarify this fundamentally simply subject which has been unintentionally confused.

I hope, Mr. McIntyre, you will not misunderstand my venturing to offer any suggestion at this time. I do it not because I consider my views important, but I feel very strongly that the success of this administration and perhaps even the success of our form of government turns upon whether it can quickly get a clear conception, and an operating conception, of the simple fundamental truths that govern this overwhelmingly important subject.

I believe I can speak for Judge FIESINGER, I certainly do for myself when I say that if the findings of facts and the principles set out in the reports of the committee of Congress are not studied by the administration and applied to the entanglements this country is drifting into, this economic depression will continue for generations; just as occurred after 1872. In that year a committee of Congress, after conferring with Ernest Seyd, of London, drafted a bill—which according to the record of Congress was based on his advice—which bill afterward became the basis of a monetary policy which was followed by 20 years of depression in this country and by the prosperity of the Victorian era in England.

I believe Judge FIESINGER's committee is the only committee of Congress that has studied this monetary problem from this point of view. His bill, I understand, has the endorsement of a majority of his committee and was drawn as a result of a conference with various members of his committee. I believe it is the only committee of Congress that has ever reached a definite diagnosis of causes and presented a plan defensive to American interests—a strictly American plan that does not require the approval of international conferences nor the cooperation of nations which are interested in lower price levels, while we are already definitely committed to price level higher than they are willing to concede.

You say in your letter, "If you will advise me when you will next be in Washington, I will be glad to arrange conference, etc.", which would indicate there is no particular need to hurry this matter. I am ready to make a special trip to Washington at any time, upon receipt of a telegram from you, because I strongly feel that time is running against us and therefore that early action is a matter of vital importance.

Very sincerely yours,

JOHN JANNEY.

WILLARD HOTEL,
Washington, D.C., January 1, 1934.

Hon. M. H. MCINTYRE,
Secretary to the President,
The White House, Washington, D.C.

MY DEAR MR. MCINTYRE: In our telephone conversation of Saturday you asked me to let you have a written statement on the point under discussion and, as I understood, you referred to the subject of money control in the sense of the control of the purchasing power of the metallic base.

The function of governments as to currencies, bank notes, and credits is oftentimes delegated to banks. In some governments the value of the monetary base is controlled at the discretion and in the power of banks. The Bank of England, which is a private bank, enjoys large powers in both of these respects.

In the United States the case is different. The power to regulate credits may be delegated to bank managements but not the power to regulate the value of the metals from which coins are made. Under our Constitution this power rests with Congress. "Congress shall coin money and regulate the value thereof."

By the value of a metal we mean its buying power. The depression of property values in the world is synonymous with enhancement in gold values in countries where gold is the standard of measure.

This tragic world event which we call "depression" always occurs when there is a depressed value of the total metallic or money base of the world. Prosperity has always accompanied an increase in the value of the world money base at the rate of 3.2 percent or more per year. In history there has been no exception to this natural and fundamental fact situation when averaged over a period of years sufficiently long to register. In a few words, this fact may be crudely stated as "The more there is of a thing the less it will buy."

The nation which controls the gold value of the world money base will control the price level in all gold-standard countries and will at least share equitably in world trade and commerce and export profitably its surpluses of production.

The depression of the money base paralleled the destruction of Rome and the Dark Ages. The depression of the money base accompanied the depression of 1873-96. The depression now in progress has accompanied a serious depression in the gold value of the money base.

By the value of the money base I mean the gold value of the metal used in the world as a monetary reserve for governments, banks, corporations, and individuals, as a basis for business activities. This includes the monetary gold and monetary silver of the world. Together they constitute the base of the credit structure and capital structure of the nations and the vital force back of world commercial activities. These two metals under normal conditions are freely exchangeable each for the other at their market value and the depression of one, for this reason, reacts upon the other. They both therefore must be reckoned as a part of the world monetary base.

This interaction between gold and silver was testified to by Mr. Montague Norman, of the Bank of England, in 1926. I can furnish you with charts to show this relationship with almost uncanny accuracy. And this relation can be controlled by the United States in the interest of stability with greater ease than other nations have affected it by their activities and the power to control this is placed in the hands of the Government of the United States by the Fiesinger bill now before Congress.

The United States is just now vitally concerned in this matter and for the moment is in the hands of a government which has announced a policy of restoring the 1926 price level which is a prosperity price level. At the same time the administration has declared for a dollar whose value will not materially change in a generation, and for a sound dollar which means a dollar recognized in world markets as carrying its face value and which is accepted as such value by world markets.

The achievement of this policy would restore prosperity to the United States, would open a market for its products on a profitable basis, and should be the aim of all departments of the Government. However, all of the advisers of the administration with whom I have discussed this matter would sacrifice some of these qualities in order to secure others and thus defeat the high aspirations of the President in affording this country the economic protection it must have and has a right to expect.

To restore gold values in the metallic base to where they were in the year 1926 would cost this Nation, operating under the Fiesinger bill less than $5,000,000 net. It could be accomplished within 90 days. Those who do not wish to admit the law which operates here to produce these results can offer no real opposition as there could be no material loss of either time or money. On the other hand a favorable demonstration would save billions of dollars of values material, and other losses, moral and physical, beyond our power to compute or even imagine.

This is perhaps the first time in our history that our Government has been in the hands of the real interest of the people, facing a break-down of a former system with the opportunity before it of an open doorway to the control of money values. The authority for this control has been placed by our Constitution in the hands of Congress. The door of opportunity stands wide open and this Government has not yet moved in that direction. Our experts are not urging that we take control of the world money base away from corporations and banks and foreign governments to place this control of this powerful factor for human welfare or human woe in the hands of Congress.

If the group in the committee of Congress which has recommended this control is to be heard in the councils of the administration, they would recommend in some form the principles for American control of the world money base as set out in the Fiesinger bill (H.R. 1577).

This bill gives a clean-cut, definite, simple program for taking control of the money base and exercising that control so as to completely carry out the policies of the President as publicly announced and as above outlined.

The Fiesinger bill involves no complications; it involves no experiment. It uses accepted or proven methods and accomplishes a complete and uncompromising control of the gold value of the money base until the 1926 price level in terms of gold is captured and permanently held. It takes the control of price levels away from individuals and establishes a price level fair to all and in the power of Congress alone to change.

This leaves the matter of bank credits, currencies, and exchange to receive consideration as soon as the bases upon which they rest, and the values with which they have to deal, are rendered stable and definite. The power of private manipulators and exploiters is curbed to such an extent as will guarantee protection to the people. And the basis for the people of one nation to exploit the people of another nation becomes modified to such an extent as to pave the way for disarmament by removing the real reason for maintaining armaments.

Today we have a whole nation back of a government which has defined a policy that implies that this thing will be done. The thing that gives me concern as expressed in my letter to the President of December 23 is the apparent unwillingness of the administration's present advisers to face this issue. None of them have been willing to discuss the matter.

On the contrary, we have all the various red herrings that it would seem possible to devise to lead us away from an American plan to control the money base and leave this control in the hands of those who have been exercising it to our destruction during the past century and a half.

These diversions leading us away from American control receive almost daily comment from high political advisers, from the press, and other sources of discussion. On the other hand, it seems impossible to gain adequate consideration for any plan that will give American control.

They are:

1. The 16 to 1 remonetization of silver, which would so limit the scope of the action of our Government as to curb and hamper its power of monetary control. In addition there would be the handicap of two standards of value to be maintained of equal purchasing power. This would lessen our control and increase foreign power of control of the money base.

2. The silver proposals of Senator PITTMAN which would leave Europe in the control of the money base and of world money values and require that our silver money be supported by gold in order to maintain its parity.

3. The change of the gold content in the dollar which operates on our national currency and not on the world money base. It changes the value of dollars, as a currency unit, not the value of gold. It changes the value of debts but does not increase the ability to pay, because it does not correct the lowered buying power of our products in the markets of the world which is the basis of profits.

4. International agreements as to silver which destroy our freedom of control and limit the freedom of world silver markets upon which the operation of an American plan for control of world money must be based.

These various proposals all leave Europe in control of the value of our property and our commodities in world markets. They all constitute a surrender of the constitutional power of Congress to control money values. They do not permit Congress to any longer regulate the value of the metals which we coin.

In point of fact this Fiesinger bill is the only method yet proposed under which Congress is permitted to discharge this duty of our Government delegated to it under our Constitution.

Do you know of any valid objections to the Fiesinger bill? None of the advisers of the Government whom I have had the privilege of conferring with have urged any objection to it at all. After months of investigation and after serious conferences with leaders in banking and finance I can find absolutely none with the exception that the power to regulate values is taken away from banks and placed automatically at the price level fixed by Congress. This would be an objection to the President's policy and not to the bill, for in this respect the bill adopts the policy of the President.

The most far-reaching benefit from this bill is that the American dollar reinstates a world-recognized value as a basis for world trade. This dollar is in a position of advantage in competition with bank credits and fiat exchange of foreign countries. Sterling exchange becomes a secondary world money and not a primary world money.

No other form of dollar currency can meet this requirement. The plans proposed for the consideration of our Government will sooner or latter be attached to sterling by some form of agreement and those who manipulate sterling will also manipulate dollars.

The constitutional control of Congress will pass by this arrangement to foreign countries. Our people and possibly our courts will seek to repudiate such a violation of our Constitution as soon as the burden of it presses down as hard as it inevitably will upon us and becomes discernible to the senses of a confused people. The armies and the navies of the other parties of these agreements will be there to guard the other interest who have entered into the agreement against us.

You have uncertainty, confusion, and danger on the one hand and clear-cut right, justice, and simplicity on the other. Why cannot this matter receive consideration from our Government at least equal to that being given to these various proposals, all of which in common leave to European bankers and European governments the control of the value of and the markets for our property and our products.

Here is an American plan for American control of the purchasing power of gold through the means of the control of the world monetary base. We take possession of the same means that other nations have used but which we have neglected to use. We control by this process the gold value of the metallic base of gold plus silver in the world which the history of two centuries demonstrates, without any doubt, to be the basis for the control of the prosperity of the producing nations of the world.

It will cost us nothing to do this. It involves simply the purchase of silver and its use in our national money reserves, for its world-accepted value and to such extent as will raise the value of the silver half of the world's monetary base and lower the value of the gold half of the world's monetary base until gold reaches its normal purchasing power as of the year 1926.

Nothing could be more simple. Nothing could be easier. Why cannot the approaching session of Congress address itself to this simple solution of the world's monetary ills. If Congress will do this our monetary troubles will soon be a thing of the past.

The basis of Government and banking finances will then be firmly established. Credits can be extended with confidence. Commerce will begin to move among the nations because central banks can provide themselves with adequate reserves to support currency and commercial requirements. Surpluses will vanish by moving into the voids of want and privation in remote sections of the world. Prices will rise under this natural demand and a profit basis will be restored.

Individuals and corporations will find operating capital to back up the activities thus created. The buying power of home markets will revive through the disbursement of these profits. And the buying power of Asia with the increasing standard of living and a stable system of finance assured from its stable world buying power, will develop in each one of its thousand million people, an ever increasing buying power for our products so that we may transform an overequipped world into a world of ever-increasing wants to be satisfied only by ever-increasing circulation of world products. Such a state of affairs, as far as Asia is concerned, has never existed in the history of modern finance as will be established by this bill.

There is much available data which I have collected to back up these statements and it will give me pleasure to do what I can to meet any objections which you may find being raised to this proposal. And if none can be raised, can I not rely upon you as a patriotic American citizen to help clear away misunderstandings and confusion as to this important matter.

Cordially and sincerely yours,

JOHN JANNEY.

THE WILLARD HOTEL,
Washington, D.C., June 3, 1933.

MY DEAR SENATOR PITTMAN: I am very much concerned to feel that you might be opposed to the United States of America reserving an independent position as to its use of silver, or that you might favor, at an international conference, the giving up of powers which America should hold for her self-preservation in the vital matter of price levels.

Such an impression was given out in a conversation with Governor Cox on May 24, initiated at the suggestion of President Roosevelt in a conference with him on the previous day, and both Representative FIESINGER, of Ohio, and his colleague, Representative LAMNECK, who were present at both conferences, share the feeling I have.

Will you pardon me, in this serious situation of our national affairs, if I so presume as to say to you that, in my view, for America to yield up in an international conference the freedom of opportunity she now enjoys, at any time she sees fit to use it, to use silver to control gold value, would be a tragedy greater than any of those that might result from ill-considered action at the international conference.

To permit Europe to restore their silver holdings by the 5-percent reserve provision would be placing European nations back into a position to again dump silver at some future time and to again bring about higher gold and lower commodity values just as was done in 1928–29–30.

And to limit silver prices to anything like 60 cents per ounce, which would only restore something like $2,000,000,000 of additional value to world monetary stocks, would surely prohibit a revival of price levels necessary to American prosperity. What is more important, such an arrangement might be so drafted as to shackle America in future operations in the control of money value and limit our activities that might be directed toward control of these values.

I should like to feel that you have given very serious consideration to the matter of whether or not any agreement arrived at at the world conference which would limit the freedom of action of the United States, either to acquire silver in any amount desired or to raise the market value of silver in the world, as might be needed, to control gold in terms of commodities, could be viewed by those who understand the Fiesinger bill (House bill 1577) as anything short of a surrender of the interests of the people of the United States. Also, it is my personal view that now would be the best time to consider whether any arrangement that would give up to European nations the power to fix or to control the vital matter of prosperity and price levels would not produce, if and when understood by the people of the United States, most violent reactions both political and social. Especially might this be the natural result throughout the entire producing sections of the United States and in fact everywhere where the maintenance of price levels that bring prosperity are vital to the interest of the people.

I am enclosing a copy of a letter to Secretary George H. Dern for your information, which has some bearing on this subject, and I should like very much, at your leisure, to have confirmation from you as to the matter therein contained.

Knowing how very busy you must be, I would hesitate to burden you with this matter, but I feel sure you will agree that it is vital to the interests of this Nation to leave no stone unturned to protect us in this Conference from what might prove to be serious blunders. The time is short during which we can give consideration to such questions, and I know you realize my deep interest and concern as to them.

I sincerely trust that everything will work out at the Conference so as to protect the peace and prosperity of the world at large, as well as the interests of the United States, by agreements that will secure to the people of the world prosperity price levels without involving the United States in any relinquishment of her constitutional rights in this matter; but, if it is necessary for the United States to choose between putting her neck in the European noose in this matter or taking individual action, I hope you will realize that individual action is open to us and that under no circumstances should we yield up the power to European countries to control monetary values and world price levels so vital to the interest of the United States and other producing nations.

With personal regards and best wishes, I beg to remain,

Very sincerely yours,

JOHN JANNEY.

MAY 26, 1934.

Hon. KEY PITTMAN,
United States Senate, Washington, D.C.

MY DEAR SENATOR PITTMAN: I have your letter of the 23d instant and note what you say with reference to the present situation and the immateriality of what Mr. Janney thinks.

As you no doubt know, I am not interested in the slightest degree in silver as such. I would not walk across the street to put silver to $1.50 an ounce if it were not for the economic considerations that I believe to be involved in silver's use for America's welfare.

I am not interested at all in the legislation upon the ground that "it is all we can get." I must respectfully dissent from your view, if that is your actuating motive. How do you know what we can get unless we try? To my mind, great principles are here involved, and I for one, and if I am the only one, will never sacrifice those principles on the altar of "the best we can get", and I am especially unwilling to sacrifice those principles when the prosperity, if not the safety, of this Nation is concerned.

With the utmost respect for you and for Senators WHEELER, BORAH, ADAMS, KING, and THOMAS, whom I know not to be all in agreement, I want to say that the proposal made by the administration, if it is adopted, will turn out to be the "hottest potato" that the so-called "silver Senators" ever carried back to their constituents. The foregoing must not be interpreted in any sense as a threat from me, as I shall do nothing except to air my views here in Washington, and not in any personal way, but the proposal itself, if enacted into law, will carry within itself its own political devastation.

Yesterday morning I read in the Washington Herald, under the signature of my good friend Senator WHEELER, his expressions of doubt about this bill, and he has not told the half of it. If I were permitted to add some views of my own, I should say it is built entirely upon political expediency and with the purpose of destroying whatever confidence the people may have in the use of silver as an instrument of economic defense against exploiting and despoiling nations.

I know full well that if the Congress of the United States had the backbone to do its constitutional duty and would be willing to make a fight to preserve its constitutional status, the faulty proposal sent to us by the administration would not be all that we could get.

With the great respect that I have for the President of the United States, I can only say that he has "muffed the ball", in the language of the street, and in my judgment is going to wreck the Democratic Party and perhaps the country—not purposely, of course; and this will come about, I think, because he has listened to advisers who are steering him in his course to ruin and has been unwilling to listen to the other side.

I stand for the principle, and I am willing to fight for it, that the Congress of the United States take away from the hands of the international bankers the power to control the purchasing power of gold in the interests of the American producer and consumer, debtor, and creditor, and in order to do that it is necessary that we use silver, making it full legal tender, at its world-accepted value, keeping gold as the standard of value.

Assuring you of my appreciation of your letter, I am

Sincerely yours,

WM. L. FIESINGER, M.C.

THE WILLARD HOTEL,
Washington, D.C., June 3, 1933.

Hon. GEORGE H. DERN,
Secretary of War, Washington, D.C.

DEAR MR. DERN: Yesterday we were discussing a way for America to find protection from European plans to dominate our economic affairs. In the course of this conversation you quoted Senator KEY PITTMAN, of Nevada, as saying that he had discussed with me at length my proposal relating to this matter.

I wish to confirm my statement that at no time has Senator PITTMAN ever discussed with me this proposal, even in the briefest conversation. In fact, since my proposal of an American plan, which was first made to the Committee on Coinage, Weights, and Measures, on April 12 and 13, 1932, I have been unable to arrange an interview with Senator PITTMAN.

I have written him several letters proposing a conference with him and other Senators whom he might feel were interested in the subject, always with some excuse from him telling why he did not then wish to have such a conference. Also I have visited Senator PITTMAN's office a number of times, hoping to confer with him personally, and on at least three occasions have left with his secretary my card and address.

But never since my testimony of April 1932 has Senator PITTMAN accorded the privilege of a conference with him, and under no circumstances did I ever, prior to that time, divulge my suggested American plan to him or to anyone else, not even to my most intimate personal associates. I wanted my proposal to be made known first to the American Congress before it could possibly be known to European governments.

My reason for this was that I considered my suggestion completely defensive to America in its economic position and that without any doubt or question it afforded America an opportunity, by prompt action and acting alone among the nations, to defend her monetary system and price level so necessary to American prosperity, from manipulation by European governments. No one so far has seriously questioned that this plan would put America in position to completely dominate world price levels in terms of gold values.

On the other hand, European nations, who at that time (April 1932) were rejecting and refusing all our proposals for an international conference, might quickly change their position. They might favor an economic conference of their own calling, and so gain the initiative and at the same time make more difficult such independent American action.

This in point of fact is just what they did. After my proposing this plan to the committee, England within 60 days announced a call for a conference at a future date within her control. I wished the American Congress, through their investigating committee, to have at least equal priority of notice with foreign governments, and for this reason kept this proposal absolutely to myself until it was made to the committee.

It is therefore impossible that I could have had any conversation with Senator PITTMAN on this very important subject, and any statement that he might make or opinion that he might form based on the impression that he has discussed this matter with me is a delusion.

This is most unfortunate. Senator PITTMAN is one citizen of the Nation who should have first-hand knowledge and first-hand explanation of any plan that would defend America, in her peculiar economic position, from European aggressions in the matter of their use of silver to control values, in the way so ably pointed out by Mr. Montagu Norman in his testimony before the Hilton-Young Commission.

There is so great misunderstanding and so much confusion that is constantly being circulated on this important subject that a personal explanation is generally necessary for an understanding of this American plan. But, on the other hand, when fully explained, either to individuals or groups, or, indeed, to public gatherings, this plan meets with general acceptance and approval.

It is the only plan yet proposed that offers to the United States the power to control and dominance in the important matters of world values of gold which are reflected by the commodity price level. It defends America from European manipulations of our price levels. It holds dominance in the matter of prosperity or depression as far as gold values in terms of property values are concerned. And what is more important still, no economists or statesmen have yet come forward to debate or dispute the claim that full power resides in the United States Government, under this plan, to fully defend prosperity price levels.

Congressman FIESINGER, of Ohio, who is the author of 3 House bills embodying this plan, 1 in the present Congress and 2 in the previous Congress, has written to 140 leading economists who reside in nearly every State in the Union, and he informs me that in no single instance have serious objections been urged to the principles set out in this plan, and it is quite generally believed by those who have studied and who understand the plan that no serious objection can be urged to it if open to rebuttal or debate.

It is most significant that a plan in the interest of America and opposed to the organized financial interests of Europe should find difficulty in gaining audience anywhere in America, especially from its political leaders and its statesmen who are charged with any special responsibility in these matters, and yet such statements as you have quoted from Senator PITTMAN would naturally make it difficult, if not impossible, for such a proposal to gain a sympathetic audience from yourself or others in authority.

In the December 1931 issue of the official magazine of the American Institute of Mining Engineers was published an article in which I drew a distinction between class B nations, nations who are interested in lower price levels, and class A nations who produce for export commodities and raw materials. In that article I recommended international action among class A nations for the protection of price levels vital to their position, in order to draw out, if I could, the position of leading Americans on the point of a conflict of interest between America and Europe and the dangers that would lie in any conference dominated by Europeans.

I had the pleasure of an interview with Senator PITTMAN shortly after that, in February 1932, with the view of presenting the plan which was put forward in this article and explaining the type of international action proposed which maintained gold as a standard of value and which set up a use for silver as an international money through an international bank dominated by the class A nations.

But I held in reserve any plan or proposal indicating that America acting alone could take any such action and at no time was any such possibility discussed, or even mentioned.

Very sincerely yours,

JOHN JANNEY.

Senator PITTMAN, of Nevada,
Congressman FIESINGER, of Ohio,
Congressman LAMNECK, of Ohio.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 19, 1933.

Hon. JAMES M. COX,
Member United States Delegation,
World Economic and Monetary Conference,
London, England.

MY DEAR GOVERNOR COX: Congratulations on your election as Chairman of the Monetary Committee! I am sure this is the most important committee that will be appointed by the Conference.

I am taking the liberty of enclosing a letter written to Mr. George H. Dern as a result of a conference we had with him on the monetary question. I am also enclosing a copy of a letter that was written to Senator PITTMAN on the same subject. This letter was also prompted by our interview with Mr. Dern. They are both self-explanatory. You will also find enclosed a copy of the brief submitted to the President at his request, as a result of our interview with him some time ago.

I was delighted yesterday when I learned that President Roosevelt had refused to accept the plans for stabilization of the pound and dollar and franc as suggested by Great Britain and France. To stabilize the pound and dollar on any other basis than 4.86 for the pound and 1.00 for the dollar would, in my judgment, be absolute suicide for the United States. Most of us who have given the subject thought from our standpoint are hoping and praying that no stabilization agreement will be entered into. If this happens, America will be free to control the value of gold on her own initiative, and this, in turn, will permit her to have any price level that she might desire, independent of any action taken by any foreign country.

In the most important position that you occupy, I hope you will give the plan that we have suggested your earnest consideration, because it is the only plan that will accomplish the results that America wants. This plan was submitted to 150 economists, and not one of them was able to point out a single defect in the proposal.

I hope, too, that no agreement will be made with the foreign countries as to the pegging of the price of silver, because silver is the weapon we expect to use to control the value of gold, and we must be free to buy such quantities as are necessary to accomplish this result and, in turn, to sell in such quantities as are necessary to keep the value of gold at its normal level. If we are permitted this freedom of action, the United States can go back on gold at any time it wants to; and then if silver were put in our reserves according to the plan that we are proposing, we could control the value of gold and thereby have a price level which would mean prosperity to the United States.

Before Dr. Sprague went to London, Congressman FIESINGER and the writer had a very pleasant interview with him on this subject, although we were not in position to go into much detail, and we asked him what he thought of the Senator's plan of fixing the price of silver at 60 cents an ounce. He said, in his judgment, it would not do any good at all.

America is looking to our delegation in London with greater interest than she has looked to any group of men in the history of the United States, because in your hands rests the future welfare and prosperity of this country, and if no mistakes are made in any agreement with foreign countries, the United States will soon emerge from this depression a greater and more prosperous Nation than ever before.

You have my very best wishes in your endeavors, and I am happy that you occupy the key position that you do.

I am sending you, also, a copy of a speech delivered by me in the House of Representatives on this subject, which includes the proposed legislation on the matter; also a speech of Congressman FIESINGER and the testimony of John Janney, our economic adviser. You may not agree with me, but in the opinion of experts, and in my opinion, Mr. Janney is the best-qualified man on this subject in the United States, and I urge you to give what he says your earnest consideration, because in his proposal you will find a way out.

With kindest personal wishes to you, I am,

Very truly yours,

A. P. LAMNECK, M.C.

JANUARY 22, 1934.

Hon. ROBERT J. BULKLEY,

United States Senate, Washington, D.C.

DEAR SENATOR BULKLEY: I have thought for 2 days about writing you a letter on the subject of the money bill now before the Senate and when I came to the office this morning the urge was so strong that I have followed its dictates.

The money bill passed by the House, and for which I voted, was the most revolutionary piece of legislation ever presented to an American Congress. My vote on this bill was the only vote that I have made during my term of Congress in which I have a real regret. The methods used in passing the bill were a disgrace to the American Congress. The bill was presented to the House one evening and quite a discussion occurred as to who should have jurisdiction, the Coinage, Weights, and Measures, or the Banking and Currency Committee. A decision was finally made, and rightfully so, that it was a Coinage, Weights and Measures Committee bill.

The next morning the Chairman of the Coinage, Weights and Measures Committee had a report all written reporting the bill out of the committee before even members of the committee had an opportunity to read the bill or before the chairman of the committee even read it. The report was submitted to the Congress and our Democratic floor leader attempted to give the bill a preferred status, but because of so much opposition, it was delayed a day or two. The Coinage, Weights, and Measures Committee then decided to have a few hearings to make it look as if the bill was considered.

Have you ever heard in your legislative experience, or has any other Congressman or Senator, ever heard of a bill being reported out of a committee without the slightest consideration and then having hearings afterward which were not taken into consideration in the slightest degree in considering the bill? It is a disgrace to the American Congress to have such procedure.

President Roosevelt said in many of his speeches that he wanted to restore the 1926 price level, he wanted sound money, he wanted a dollar that would have a stabilized purchasing power from one generation to the next, and he also wanted a money system that would take the money question out of the hands of the money changers. In my humble opinion, not a single objective stated above will be accomplished under this bill. It will leave the money question in the hands of the international bankers, it will not restore the price level, it will not control the value of gold, which, after all, must be done if we are going to have anything like stability. All experts agree on this point.

I urge you to give serious consideration to this legislation and invite your particular attention to two amendments to this bill, one offered by me which was rejected, and one printed in the RECORD that was prepared by Congressman FIESINGER, of Ohio, but which he did not present because of the fact that the steam roller was working to perfection and he knew that it was a hopeless case. With these two amendments adopted, the bill will accomplish the objectives of the President.

If you want some real information on the money problem, I should like to suggest an interview with a man who knows more about it than any other man in this country. His services are available to you any time you suggest, and I am sure that he can enlighten you as he has many Members in the House and also in the Senate, and I am sure that in the debates that will occur this week many of his proposals will be presented by Senators from whom we would least expect them to come.

I hope you will excuse me for writing you at this length on this most important subject.

Sincerely yours,

ARTHUR P. LAMNECK, M.C.

APRIL 12, 1934.

Hon. ELMER THOMAS,

United States Senator.

MY DEAR SENATOR THOMAS: Will it be an imposition for me to write you in regard to the Thomas amendment to the Dies bill?

The entire Ohio Democratic delegation, 18 Members, have backed up silver legislation in the House. I have myself made several speeches on the subject and am forwarding you under another cover copies of same. From them you can see how intensely interested I am in the question.

I believe I reflect the views of the members of my entire delegation when I say that the reason we have been in favor of silver is because of the way it has been presented to the House.

The Coinage Committee has voted down every bill that gives us a fixed ratio. Both the Fiesinger bill and the Dies bill have a principle of silver certificate with the full gold value which gives America control of silver and gold.

It is with regret that I note you have passed out a bill that involves the principle of a fixed ratio and especially a ratio of 371½ grains of silver to 14 grains of gold, which is about a 25-to-1 ratio.

In view of the fact that the Coinage Committee has voted against a fixed ratio of principle—especially as a fixed ratio of principle has always failed at the polls—it is with real regret that your amendment does not take advantage of the principle in the Dies bill of a silver certificate of full value which would give America control of money.

If we had a fixed ratio of 14½ to 1, which would give us a high price level and not leave room for the manipulation of Europe, I might favor this; but a fixed ratio of 25 to 1 in principle would leave Europe in control, destroying the present opportunity of unseating the international bankers, and I doubt if we will ever get another.

With great respect, I am,

Sincerely yours,

A. P. LAMNECK, M.C.

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
April 16, 1934.

Hon. A. P. LAMNECK,

House of Representatives, Washington, D.C.

DEAR CONGRESSMAN LAMNECK: I thank you for your favor of the 12th and appreciate the frank statement of your position. In the Senate we had to get some compromise agreed to or the bill could not have reached the Senate proper.

I am trying to help silver and will gladly accept any plan that can be agreed upon. The Janney-Fiesinger plan would be acceptable to me, yet we have proponents in the Senate who are demanding an outright 16 to 1 ratio, which would force the price of silver up so that an ounce, as measured by gold, would be worth approximately $2.18. I could not go that strong and, for that reason, suggested the lower ratio of silver at the ultimate value of $1.29 an ounce. I feel that we are making progress and hope for favorable results.

Yours most cordially,

ELMER THOMAS.

APRIL 24, 1934.

Hon. ELMER THOMAS,

United States Senator, Washington, D.C.

MY DEAR SENATOR: Replying to your letter of April 16, received in my absence, I have studied the silver question and I think I understand it.

Silver is a great force in the money world. It can be used to bring about depression. It can be used to bring about prosperity. Who shall control such a force for happiness and contentment among the people of the world, or who will control this force for misery, depravity, revolution, and world conflict?

The international banker now controls, and for over 100 years has controlled. The Constitution assigns the power for this control to Congress, and the issue in this conflict of power should be one as between Congress and the international banker if the issue can be put in the form of a bill.

The Fiesinger bill raises this issue. It gives a clean-cut issue and gives to the Government of this Nation this power. The House has been overwhelmingly in favor of it. The Wheeler amendment to the gold bill incorporated this same principle and gave this same issue to the Congress. I believe you will agree that the Senate was in favor of it when it voted 43 to 45 in spite of the direct request of President Roosevelt not to place such an amendment onto his bill.

You say some Senators wanted 16 to 1. Of course, this is true, but the House does not want such a bill, and such a bill has not been passed out of the committee. Do these Senators understand that any fixed ratio gives limited power of control to this Government?

Are you for America or are you for the international banker? That is the issue that should be raised. Those who are for American control of money values should be allowed to vote for it, leaving those to vote against it who wish to do so.

Such a bill is before you in the Fiesinger bill. Why cannot your committee endorse the principles of this bill and send it onto the floor of Congress when you now have every evidence that the majority of Congress is in favor of American control and against European control?

I will study carefully your answer to this question and in conclusion I will say that I am very sorry I did not have the opportunity to appear before your committee and was not allowed the privilege of explaining my reasons for what I have stated in this letter, and if your committee still wishes to study this question from the standpoint of the international banker versus the American people, I will be very glad to appear before your committee and give you the benefit of my study of this question, and I am sure there are other Members of this Congress that would also like to have the privilege of giving to the Senate the study that certain Members of the House have made of this question.

Cordially and sincerely yours,

A. P. LAMNECK, M.C.

Hon. ARTHUR P. LAMNECK,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: I have your good letter of the 24th, and thank you most sincerely for the suggestions therein given me.

With every good wish, I am,

Sincerely your friend,

ELMER THOMAS.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. McGUGIN. Mr. Chairman, when the Dies bill was before the House I supported it. There was something concrete in that bill. We had the assurance that it would tend to increase the exporting of surplus farm products. In this bill we have no such assurance, we have nothing concrete. Whatever may be said of this bill, it is not a monetary bill. My honest judgment is that this bill is a new form of a relief measure. I am not sure whether it is a relief measure for the President, to save him from embarrassment from the politicians from the silver States, or a relief measure for Representatives and Senators from the silver States who are candidates for reelection. They can take this bill and fool their people into believing that it is a silver bill. It will doubtless take a length of time beyond November for the people in the silver States to find out that they have been humbugged by this bill.

When you read the bill it is perfectly apparent that there is nothing mandatory in it. It only provides for the use of silver as its ultimate object. How long is it going to take to carry out the ultimate object? In the next place, this bill is not necessary at all. The Thomas amendment gives the President full power to do this. It gives him the power to go as far as 16 to 1, to buy silver in virtually unlimited amounts. Yet the President has not used the Thomas amendment, although he has had a year to do so. Therefore, all you can say there is to the bill is that there must be something passed here for silver on the eve of election. The votes from the silver States must be caught.

Furthermore, it is indeed a money-tinkering bill. If we are going to pass monetary legislation, then let Congress pass legislation which is mandatory, which is outright monetary legislation, and be done with it when it is passed. Talk about uncertainty! If the President ever turns his hand to put this bill into effect, it will be the worst kind of uncertainty with no end to it. The administration started this money tinkering last fall, buying a little gold every now and then. Then the President came to Congress with a gold devaluation bill and said that we had to have it in order to stop the money tinkering. Of course that was not necessary. He had full power under the Thomas amendment to devalue the gold dollar without further legislation.

I have been much interested this afternoon in the discussion, particularly the remarks of my friend from Kentucky [Mr. BROWN] about the Republican crime of 1873. If you have to talk politics on a silver bill, then I ask this question: If the Republican Party committed a crime in 1873 by demonetizing silver, why have not some of the Democratic Congresses since that time corrected that crime? Why did the Democratic Party under Woodrow Wilson, with full control of both Houses for 6 years, go along without correcting that crime of 1873? Why through the two administrations of Grover Cleveland did the Democratic Party refuse to correct the crime of 1873? The truth is that this Congress is not passing a bill to remonetize silver.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I cannot yield now. If you want to remonetize silver, why not do it now? You have both Houses of Congress. This is not a remonetizing bill. The reason you will not remonetize silver is because your President will not stand for it. There has not been a Democratic President since 1873 who was not opposed to remonetizing silver. Franklin D. Roosevelt is opposed to remonetizing silver. Otherwise he would do so by Executive order. Under the Thomas amendment he has for 12 long months had full power to remonetize silver. He could correct the so-called "crime of 1873." It is very evident that he does not regard the demonetizing of silver in 1873 as a crime. It is very evident from his record that he favors the former demonetizing of silver and is now opposed to remonetizing silver.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. DOUGHTON. Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

Mr. SOMERS of New York. Mr. Chairman, I rise to a question of personal privilege.

The CHAIRMAN. The gentleman will state it.

Mr. SOMERS of New York. Mr. Chairman, a few moments ago I believe the gentleman from Ohio made the statement that the Dies bill which was reported——

Mr. BANKHEAD. Mr. Chairman, the gentleman cannot do that in Committee of the Whole. I make the point of order that the question of personal privilege cannot be raised in Committee of the Whole.

Mr. RANKIN. Mr. Chairman, I think we can dispose of this matter in a minute.

Mr. BANKHEAD. Mr. Chairman, I insist upon my point of order.

Mr. RANKIN. Ordinarily that is true; but whenever the question of personal privilege grows out of an offense which occurred in the Committee of the Whole, the Member offended has a right to rise to a question of personal privilege in the Committee of the Whole.

Mr. BANKHEAD. I cannot accept that interpretation of the rule.

Mr. RANKIN. The gentleman will find precedents to that effect.

Mr. SOMERS of New York. Mr. Chairman, in order to save time, I will withdraw the point for the moment.

The CHAIRMAN. The question of personal privilege is withdrawn.

The Clerk read as follows:

SEC. 2. It is hereby declared to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States should be increased, with the ultimate objective of having and maintaining, one-fourth of the monetary value of such stocks in silver.

Mr. KELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KELLER: In line 9, page 1, strike out the word "fourth" and substitute the word "half" therefor.

Mr. KELLER. Mr. Chairman, I want to talk a minute about what silver means as a practical, everyday matter. We are trying, or ought to be trying to put men to work in this country. It is the money in our pay rolls that makes prosperity—money that will pay debts and buy the things we want. When we put all our men to work, our difficulties will be over. Unless and until we do that, they will not be. I happen to be one of the few men, perhaps, in this House who hammered a drill in a silver mine when I was a young chap. That does not necessarily make me very wise on the subject, but it has been my opportunity and pleasure to spend a good many years of my life in the mining business, and having direct connection with and being interested in the question of silver, I have been compelled to study it somewhat. I only want to call attention to the fact that following the repeal clause of the Sherman Act in 1893, while the great panic of that year was already on, and the depression that follows every panic was at its worst, as the result of that repeal I stood by and saw 250,000 men thrown out of work in the silver mines in the Western States. Coxey's army which came east was drawn from these men. It was an unplanned shifting of a large population which of necessity drifted east to enter into compulsory competition with the very men whose jobs had been dependent on these silver miners.

Let us get this thing clear: Every time you put a man to work underground, mining precious metals, you thereby put to work nine men on top of the ground to supply that man with the things he needs. This is a well-recognized economic fact. When you threw a quarter of a million men out of work directly as a result of stopping the silver mining in the West, you threw out of work 2,000,000 other men engaged in industry all over the country dependent on that quarter of a million actual miners who were dispossessed. It naturally follows that if we put a quarter of a million miners back to work, we can be sure that another 2,000,000 idle men will be put back to work again.

Until we awake to plain common sense, there is little use standing here and making speeches and arguments about the theory of it. I want to put men to work. I am for the things that will put men to work, and I am going to keep on being for them, because it is the only way out of this depression.

There is no use fooling ourselves about it. What do I hear? Two splendid gentlemen got up here and read a part of Grover Cleveland's message on the repeal of the Sherman purchasing law in 1893. What is the point to it? I point out that the conditions were entirely and absolutely different from what they are today. The argument therefore does not apply. At that time the unfortunate fact was that we were on the gold standard. Today we are not. At that time you could go to the Treasury and demand gold and get it under the law. Today you cannot. Therefore, the difficulty of the whole thing lay just there—that as long as they kept purchasing silver you go to the Treasury and pull the gold out.

Mr. RANKIN. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. RANKIN. The greatest explanation is that Cleveland was wrong on that proposition.

Mr. KELLER. Certainly. But, for argument's sake, let us suppose him to have been right. At the present time we are not on the gold standard, thank God. At the present time we are wisely off the gold standard as we ought to have been a long time ago. If you put a billion ounces or five billion ounces of silver into the Treasury at the present time you could not draw out a penny of gold. But, we are having the same thing, constantly, giving citations from speeches that have absolutely no application to the matter in hand at this time. It is nonsense. One of these days when I am at leisure, I am going to go back and dig out from that great Democrat whom I love so dearly, Thomas Jefferson, a lot of things he said to great advantage then, that would sound like idiocy if an attempt to apply them to present conditions were made today. I am trying to illustrate the unfortunate practice in this House of trying to quote to us from old, dead things that have no possible connection with the thing we have in hand. The thing we ought to consider here today is, What is going to be the effect of this bill? What is it going to do for us? Will it put anybody to work? If it will, let us pass it. If not, let us not do it.

To recapitulate, if the gold standard were now in operation, some of the objections of my friends over here on the Republican side would, of course, be entirely valid. But it is not, and all the arguments against the Dies bill based on that presumption are so inapplicable as to be quite ridiculous.

In fact, the present use of gold is entirely limited to international trade settlements, and that use is in no wise vital to our financial recovery or maintenance of prosperity in this country, once we bring it back. Because the international trade balance is always in our favor; that is, we always sell more to foreign countries than we buy from them, so that at the end of the year we have always received more than we paid out. Each year this balance is added to our gold supply, and none is ever taken out.

There is no reason in fact why we should not do exactly for silver what we are doing for gold—set the price wherever we find it best and pile it up alongside the gold in the Treasury and add to it each year what we produce, and what we receive each year from our trade balances from the three-quarters of the people of the world who use silver largely to the exclusion of any other money. No possible financial harm could come from it. It would add tremendously to our circulating cash money through the full legal-tender silver certificates which would be issued for every ounce of it. We ought to understand by this time that business enterprise is starving for lack of money with which to carry on, upon which to found the credit necessary to business revival.

We have gone far in establishing the right principles of money. Whether conscious of it or not, our money is purely fiat and will always remain so if we retain our economic sanity. The nations of the world may make an agreement on ratios between the metals, but that will be for international use alone. That prices within our country can be affected by any valuation we may place upon gold or silver is thoroughly disproven.

The success or failure of this bill when it becomes the law will depend entirely upon its administration. If it is administered up to the letter and spirit of the law, it will be of tremendous benefit. It will ultimately give permanent employment to more than 2,000,000 men—not in the West alone, as some of my colleagues seem to think.

It will give work to the men in the machine shops, to the growers of cotton and wool, to the spinners and weavers, to the makers of clothing, to the steel workers, to the auto and truck builders, to the coal miners, the oil drillers, and the railroad men in every State in the Union. It will produce pay rolls, create new wealth, bring prosperity, give jobs, establish and maintain security for a million families in the reestablishment of this old and honorable industry.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I shall not take 5 minutes, but I want to call attention to this fact, that I am not sure whether the gentleman from Illinois [Mr. KELLER] is serious in this amendment or not; but if the gentleman wants legislation that will go further than we have gone up to this time for silver and in the interest of the workingman, then we must adopt this bill with its provision of one-fourth to three-fourths, as between silver and gold, or else we will not make any progress at all. I therefore ask that the amendment be voted down.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. COOPER of Tennessee. I simply want to call to the attention of the gentleman from Washingon and others the statement appearing on page 2 of the report which I think sheds a great deal of light on this question; that is, that the provision of this bill of 25 percent is about the mean or average amount that has prevailed over the last 50 years. Certainly, that is the basis upon which we should hold this present provision in the bill.

Mr. SAMUEL B. HILL. Mr. Chairman, I ask for a vote on the bill.

Mr. TREADWAY. Mr. Chairman, I ask to be heard on the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts, a member of the committee.

Mr. TREADWAY. Mr. Chairman, I rise in opposition to the amendment, not to speak to the amendment, but in connection with some of the remarks made by the gentleman from North Carolina. The gentleman from North Carolina asked to be not interrupted, and I respected his request and did not interrupt him; but I should like to call attention to one or two of his statements. The gentleman stated that the minority views were " peanut " politics. That is not the fact. No information was available to either the majority or to the minority side. If, therefore, the majority side endeavored to elucidate any facts in their report, I say their report is "jumbo peanut" politics, because they had nothing upon which to base it. I realize that we on this side of the aisle constitute a minority group. We therefore take the small end of the peanut and give the majority the jumbo part.

The gentleman from North Carolina said further that no one asked for an open hearing. Who ever before heard of such an important piece of legislation as this upon which there were not open hearings, particularly when the right bower of the administration, the Secretary of the Treasury, was known to be the witness expected to appear? It was assumed, of course, by the members of the committee, that we were to have an open hearing, but when we got there we found it was an executive session.

The gentleman from North Carolina said that nobody asked to be heard. The bill was introduced one afternoon and reported almost the next afternoon. I explained the length of time in my previous remarks. There was no chance for anybody to ask to be heard. The gentleman states that ample time was given. What is ample time? On Friday morning I asked if we could have witnesses appear, and I was told that the hearing was not to be a debating society. They did not want to know the opposition to the bill. It was enough for them to be told that it was an administration matter; and they put the O.K. of the Committee on Ways and Means upon it. There was no opportunity whatever to invite anybody to appear. Friday afternoon at 4:30, as a great concession, the chairman of the committee said that if I had a witness he would be heard at 10 o'clock the next morning. At 4:30 I wired an authority on monetary matters in Princeton, N.J., Professor Kemmerer, but inasmuch as he does not belong to the "brain trust.", his testimony probably in the estimation of the administration is no good. So far as the public is concerned, however, his views are extremely valuable. The telegram did not reach Professor Kemmerer until Saturday afternoon, as he had been away on a western trip; and Saturday afternoon, forsooth, the committee was in executive session and reporting out the bill. Of course there was ample time from 4:30 one afternoon until noon the next day in which to secure witnesses from all over the United States, but even the fastest airplane would not have sufficient speed to get them here by the time the chairman of the committee said they must be here.

Mr. Chairman, this is all I care to say in connection with the matter.

Mr. SOMERS of New York. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I rise for the purpose of answering the gentleman from Ohio, who, if I understood him correctly, stated that the Chairman of the Committee on Coinage, Weights, and Measures wrote a report on the Dies bill before that bill was heard in the committee.

Mr. LAMNECK. Mr. Chairman, will the gentleman yield?

Mr. SOMERS of New York. I yield.

Mr. LAMNECK. I did not make such a statement.

Mr. SOMERS of New York. I thought the gentleman did.

Mr. FIESINGER. Was it not the gold bill?

Mr. SOMERS of New York. It is not true as to the gold bill, either. I emphatically deny both implications.

Mr. BUSBY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, any legislation that deals with monetary matters is always of interest to me, because I am as certain as I am standing here that our money situation is the cause of practically all of the troubles we are facing now in a financial way.

MEDIUM OF EXCHANGE IMPERATIVE FOR RECOVERY

Without a medium of exchange which is representative of value, I do not care how many public-works programs are sponsored by the Government, they will not get the country back on its feet in a financial way without inflation of the currency and a restoration of our medium of exchange.

This bill is not favored by the silver people; and I fail to see at this time how it can be effective in remedying our scarcity of media of exchange.

THE SALE OF LARGE AMOUNTS OF UNITED STATES BONDS WILL RUIN ANY MONETARY PROGRAM

Let us suppose that this week we coin $1,000,000,000 in silver and scatter it wherever we have national obligations to meet. It goes into the banks over the country. Suppose, further, that next week we sell $1,000,000,000 of bonds. We will take up that silver; the amounts will exactly offset each other, and we will be no better off, so far as circulating media are concerned, than we were before the $1,000,000,000 of silver was coined.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. WHITE. Would not that silver have to be purchased by the Treasury before it could be coined, and would not the silver producers benefit to the extent of $1,000,000,000?

Mr. BUSBY. That is another question. The gentleman comes from Idaho and wants the silver producers put into business. That is another question.

Mr. Chairman, about 0.1 of the medium of exchange used by business in this country is currency; about 0.9 is bank credit. This bank credit is bank-check money that is used in transacting business. The 0.1 cannot possibly stay in circulation as long as the machinery that issues the 0.9, the banks, can take it up and swap it for Government bonds. There is no use arguing about this, for the Government bonds are paid for in currency or its equivalent. I do not think anybody will contend that it is possible to have silver, greenbacks, Federal Reserve notes, or any other kind of currency as long as the Government issues more bonds than there is currency outstanding, because the bonds absorb the currency, absorb the bank-check money, absorb the bank deposits, and the sale of bonds keeps up a continual process of deflation. Wherever I have gone when Government work has been discontinued business activity dies and all prosperity it over as soon as the Government funds are spent. We will never recover by creating bond debts and other debts to hang around the necks of the people.

This bill, like the gold bill, contains heavy penalties which to my mind are entirely out of line with our principles of government.

ONLY MONEY IN THE HANDS OF THE PEOPLE WILL HELP RECOVERY

What difference does it make if we have a block of gold in the Treasury and today we label the gold $4,000,000,000 and next week we go down and tear the label off and label it as being worth $8,000,000,000? It is not in circulation. It is not playing any part in our currency scarcity. Of course, it is down there and it is well to have the gold, because the foreign countries that trade with us and accept gold in payment know we have the gold. It is a block of confidence, but so far as it being worth anything as a basis for currency, that is preposterous.

I hear the economists talking about sound money.

[Here the gavel fell.]

Mr. BUSBY. Mr. Chairman, I ask unanimous consent that I may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BUSBY. I was talking with some economists the other day, and they said they were for some kind of sound money. I said, "There is not one of you that knows what you mean when you say 'sound money.' You do not know what you mean, and you do not know what you want." They said, "What do you think it is?" I said, "I am not the one that is making the proposal." The only money in existence today that is not purely fiat money is the silver certificate which does have some degree of commodity value back of it. The silver certificate is the only money in this country that is not purely fiat money. They talk about issuing greenbacks. You may look on any piece of paper money you have in your pocket and it is nothing but a promise to pay in either silver or else it is printing-press money.

ALL GOVERNMENT BOND SALES ARE DEFLATION

It is perfectly preposterous to think that we can ever recover from our downward trend by selling bonds and creating additional Government debts that must be met by the taxpayers in the future. This bill and the gold bill or any other bill that does not supply additional media of exchange, that does not shake the banks loose and put them back into their proper field of operations, will accomplish nothing; and we ought to recognize this fact at the earliest possible time.

Mr. MAY. In view of the gentleman's statement that the silver certificate is about the only money that has any value, may I ask the gentleman if he thinks when the bill expands the base and authorizes the purchase of more silver it will aid the situation in that respect?

Mr. BUSBY. I think the bill is wholly impracticable as a base for the expansion of currency. There is no coherency or logic in one step following the other.

At this point I desire to set forth a short bill introduced by me which to my mind is a true worth-while silver bill.

A REAL SILVER BILL THAT WOULD ACCOMPLISH SOMETHING

H.R. 9242

A bill to provide for the purchase of silver, issue legal-tender certificates thereon, and to buy and sell silver so as to keep the purchasing power of 371¼ grains of pure silver equal to the purchasing power of 23.22 grains of pure gold, and to increase the metallic monetary base

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to purchase silver bullion at the rate of not less than 50,000,000 ounces per month, until there shall be added to the monetary resources of the United States 1,000,000,000 ounces of silver, except that whenever 371¼ grains of pure silver equals in purchasing power 23.22 grains of pure gold the purchase of silver under this act shall be suspended. At any time the purchasing power of 371¼ grains of pure silver goes below the purchasing power of 23.22 grains of pure gold the purchase of silver shall be resumed and continued until the purchasing power of said amount of silver is restored to equal the purchasing power of said amount of gold; and this shall be done from time to time to keep the purchasing power of silver to gold in the relation provided above.

If the purchasing power of 371¼ grains of pure silver rises above the purchasing power of 23.22 grains of pure gold, then the Secretary of the Treasury shall sell silver until the purchasing power of said amount of silver equals the purchasing power of said amount of gold; and this shall be done from time to time to keep the purchasing power of silver to gold in the relation provided above.

Such silver shall be purchased, at home or abroad, wherever silver shall be procurable at or under the value specified above, with any direct obligations, coin, or currency of the United States authorized by law, or with any funds held by the Secretary of the Treasury not otherwise appropriated, at such rates and upon such terms and conditions as the Secretary of the Treasury may deem most advantageous to the public interest; and the silver so purchased shall be held in reserve by the Secretary of the Treasury against the issue of certificates of deposit payable to bearer, as hereinafter provided. Such silver certificates shall be issued by the Secretary of the Treasury in an amount which in the aggregate shall equal the cost of such silver to the Secretary of the Treasury. Upon presentation of any such silver certificates the Secretary of the Treasury shall redeem the same in silver bullion at the prevailing market price or in the circulating currency of the United States. The silver certificates issued under the provisions of this act shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues.

SEC. 2. This act shall take effect on the 1st day of the succeeding month after its enactment, or sooner by proclamation of the President.

[Here the gavel fell.]

Mr. BUSBY. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include therein a short bill that I introduced on the silver question.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. SAMUEL B. HILL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The question was taken; and on a division (demanded by Mr. LAMNECK) there were—ayes 59, noes 42.

So the motion was agreed to.

Mr. MOTT. Mr. Chairman, I make the point of no quorum.

The CHAIRMAN. The vote just taken in the committee discloses that a quorum is present.

Mr. MOTT. Mr. Chairman, I demand tellers.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

Mr. MOTT. Mr. Chairman, I demand tellers on the previous vote.

Mr. COOPER of Tennessee. Mr. Chairman, the vote disclosed that a quorum is present, and the Chair has so ruled. The gentleman's demand for tellers therefore comes too late.

Mr. MOTT. I do not think the vote is correct, and I demand tellers.

Mr. COOPER of Tennessee. The request of the gentleman from Oregon comes too late.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

Mr. BYRNS. Mr. Chairman, I make the point of order that it is too late to call for tellers, because a point of no quorum was made and the Chair overruled the point of no quorum; therefore it is too late to ask for tellers.

The CHAIRMAN. The Chair announced the presence of a quorum and stated the question was on the amendment offered by the gentleman from Illinois before he heard any request for tellers.

Mr. WOODRUFF. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOODRUFF. The gentleman from Michigan understood the Chair to announce that there were 50 ayes and 42 noes.

The CHAIRMAN. The vote was 59 to 42.

The question is on the amendment offered by the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. MCGUGIN) there were—ayes 7, noes 63.

Mr. MOTT. Mr. Chairman, I make the point of no quorum.

Mr. BYRNS. Mr. Chairman, I make the point of order that that is dilatory, because it has not been 2 minutes since the Chair ruled that there was a quorum present.

Mr. MOTT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. DOUGHTON and Mr. KELLER to act as tellers.

The Committee again divided; and the tellers reported that there were—ayes 10, noes 80.

Mr. MOTT. Mr. Chairman, I make the point of no quorum.

The CHAIRMAN. The Chair will count. The Chair observed a number of Members in the Chamber not voting. [After counting.] One hundred and thirty-five Members present, a quorum.

So the amendment was rejected.

Mr. FIESINGER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FIESINGER: In line 9, page 1, strike out the word "fourth" and insert in lieu thereof the word "third."

The amendment was rejected.

Mr. LAMNECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAMNECK: Page 1, line 9, after the word "silver", strike out the period, insert a comma and the following: "which one-fourth of said monetary stock is hereby declared primary money and is hereby given legal-tender privileges to the extent of its world-accepted market value, under rules and regulations which shall be promulgated by the Secretary of the Treasury, and shall be free from artificial limitations or restraints."

The amendment was rejected.

The Clerk read as follows:

SEC. 3. The Secretary of the Treasury is authorized and directed to purchase silver, at home or abroad, for present or future delivery with any direct obligations, coin, or currency of the United States, authorized by law, or with any funds in the Treasury not otherwise appropriated, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest: *Provided*, That no purchase of silver shall be made hereunder (a) at a price in excess of the monetary value thereof or (b) whenever and so long as the monetary value of the stocks of silver is equal to or greater than 25 percent of the monetary value of the stocks of gold and silver: *And provided further*, That no purchases of silver situated in the continental United States on May 1, 1934, shall be made hereunder at a price in excess of 50 cents a fine ounce.

With the following committee amendments:

Page 1, line 10, strike out the word "The" and insert "Whenever and so long as the proportion of silver in the stocks of gold and silver of the United States is less than one-fourth of the monetary value of such stocks, the."

Page 2, line 9, strike out "(a)"; and beginning at the end of line 10, strike out "or (b) whenever and so long as the monetary value of the stocks of silver is equal to or greater than 25 percent of the monetary value of the stocks of gold and silver."

Mr. TABER. Mr. Chairman, I rise in opposition to the first committee amendment.

Mr. Chairman, this is an amendment that requires the Secretary of the Treasury to buy enough silver at such times and in such manner as he may determine to be in the public interest as will be necessary to make the stock of silver one-fourth of the monetary reserves in the Treasury.

The gentleman from Mississippi [Mr. BUSBY] very clearly explained this situation and showed why this bill will not do any good, but will simply tie up a lot of Government credit and Government money.

We should not adopt this amendment and require one-fourth of the monetary stock of metal in the Treasury to be silver. We should vote this down; and if the bill has got to pass, we should let it go on the basis that the Secretary of the Treasury shall buy it when in the public interest he thinks this should be done.

When the gold bill was up in March, the Secretary of the Treasury said:

As you gentlemen know, we have a $2,000,000,000 fund to stabilize American currency, but it is just impossible to tell what the future will be as to how best to handle this. I believe we need more experience and more time to tell us what is the best way to handle the monetary problem of this country before we get into as definite and as fixed a permanent policy as is outlined in this bill.

Yet we are told by the Chairman of the Ways and Means Committee that this is a part of a definite monetary program that was in mind at the time the gold bill was passed.

A little later on the Secretary was asked, and this appears at page 389:

Mr. GOLDSBOROUGH. Do you object to stating your specific reasons for that, if you have any?

Secretary MORGENTHAU. It is simply because we do not know enough about it. We want the benefit of at least a year's experience with the present program we are on.

Now, it is perfectly apparent that the only possible beneficiaries of this proposition are those who are now mining silver and the foreigners who have a lot of silver on hand. This they can sell to this country for our merchandise, which we will send across the water for their silver, which they do not want, and we will get something that we do not want and no one else wants and put it in the Treasury, and then we will issue certificates against it. This will not even increase the volume of currency in circulation, because such volume is regulated by supply and demand, and the coming in of this silver currency will simply crowd out a little bit of the Federal Reserve notes that are oustanding.

This is the most futile bill that was ever invented. It is absolutely vicious in that it ties up Federal money in a lot of silver that we do not want and no one in any other country wants, and it will absolutely do no good, and I therefore hope the amendment will be voted down and the bill defeated.

Mr. COOPER of Tennessee. Mr. Chairman, I shall take only a few minutes of the time. This is a simple clarifying amendment offered for the purpose of making certain that the amount of silver shall be held up to the point of 25 percent. There was some doubt as to the language as it appeared in the bill whether that purpose would be accomplished. This amendment is to make certain that that will be done. In other words, if the amount of gold should increase so as to be greater than it is now, silver could be brought up to 25 percent.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word, and I do that for the purpose of inquiring in regard to the legal requirements as to the volume of gold. How are you going to regulate the 25 percent if you do not know what the legal requirements now are?

Mr. SAMUEL B. HILL. We know how much gold is in the Treasury.

Mr. McFADDEN. But the amount of gold in the Treasury is a changing proposition. There are no legal requirements now as to how much gold shall at all times remain in the United States Treasury. You have done away with all legal gold requirements.

Mr. COOPER of Tennessee. The question of the gold reserve has nothing to do with this.

Mr. McFADDEN. Does it refer to the gold in the Treasury or the Federal Reserve banks, or are you always to treat the $2,000,000,000 gold-exchange fund as a part of the gold in the Treasury?

Mr. COOPER of Tennessee. The Federal Reserve banks have no gold.

Mr. McFADDEN. They only have gold certificates, which are not payable in gold unless the Secretary of the Treasury sees fit to pay in gold. I was trying to get it clarified. I have heretofore pointed out what will happen to our gold in the future. I want to refer now to the statement that the gentleman from Tennessee made after I spoke a short time ago. I want to refresh the memory of Members who were here when the Pittman Act was passed in war time.

We had then a great surplus of silver dollars in the United States Treasury. The British had a great interest in getting that silver from us at that time. The silver producers in this country agitated it for a long time. Silver was then selling at $1.36 to $1.39 per ounce. The Pittman Act was passed, and, I say, the British wanted to get the silver to ship to India.

I call attention to the fact that 200,000,000 ounces of silver were sold and sent to Great Britain. Great Britain gave us her I O U. Great Britain took that silver to London, coined it into rupees, and sent it to India, and made $200,000,000 on the transaction, and by this action Great Britain tightened her hold on India.

That shows the British interest in silver. They are as much interested now in silver as they were then. When the Pittman Act was passed, we had in the Treasury over 450,000,000 silver dollars, and the Pittman Act authorized the breaking up of those dollars and authorized the sale of that silver. Great Britain has always controlled the silver market. The Montagues, the Sassoons, and other Jewish bankers have juggled silver markets in India, China, and elsewhere to their own great profit, and always to the benefit of the British Empire.

So it was during the closing days of the World War that England sent Lord Reading (Sir Rufus Isaacs) to Washington to get the two hundred millions of silver in our Treasury, and his boat waited anchored in the Potomac until President Wilson told him that Congress had passed the authority for the sale.

The silver men, or the producers in the country, insisted that inasmuch as this silver was to be sold to the British and other buyers at $1 an ounce, when the price was $1.36 or more, that the amount that was sold abroad should be repurchased from the American silver producers; so that clause was put in the act; and as two-hundred-and-fourteen-and-odd million ounces were sold, 200,000,000 ounces were repurchased from the American silver producers. That explains the great surplus at that time in the Treasury, how it was taken out of the country, how anxious the silver producers were to get rid of it, and how anxious the British were to increase their power and control over India. Then it came to the point where India was demanding her independence from Great Britain, and Great Britain put India back on the gold basis and demonetized silver. Since that time the Indians and the British are interested in getting rid of their surplus stocks of silver. England has again strengthened her hold on India, and through this process is slowly drawing gold out of India and thus weakening India. England's interest in silver is great today.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. RANKIN. Mr. Chairman, this silver bill is going in the right direction. It will help to broaden our monetary base for the proper expansion of our currency. Ever since 1929 I have said on this floor that we would never get out of this panic and restore prosperity to the American people until we expand the currency and put that currency into circulation.

The gentleman from Kansas [Mr. McGUGIN] asked why we did not do something when the Democrats were in power before. I call attention to the fact that we did do something. It was under the democratic administration that the Federal Reserve Act was passed, which gave us an elastic currency and enabled us to expand the currency through the Federal Reserve System. In 1914 we had $34.93 per capita in circulation; wheat was around 50 cents to 60 cents a bushel cotton 10 cents a pound. We began to expand that currency until 1920, when we had $53.21 per capita in circulation, cotton was 30 cents a pound and wheat $2.50 a bushel, and other commodity prices were higher in proportion. While we were on that level we contracted our debts, floated our bonds, and incurred our obligations. When Mr. Ogden Mills became Secretary of the Treasury, they began, under the pressure of Wall Street, to contract that currency until when the panic broke in 1929 they had it back to approximately $35 per capita. That is what brought on our panic, and the way to correct it is to reissue that money and put it into circulation.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. DIES. The gentleman also remembers that in 1878 we passed the Bland Act which was for the free and unlimited coinage of silver, and it went to the Senate and that body limited it to $2,000,000 a month.

Mr. RANKIN. I want to discuss this other phase. Money is the lifeblood of a nation. We do not circulate gold and we do not circulate much silver. We circulate paper currency issued against our gold reserve. This bill adds 25 percent of silver to that reserve, and as I said, broadens the base for the issuance of more currency against it. But if we are going to raise commodity prices, we will have to use the power already written into the law to issue currency against the monetary base we have and put it into circulation. If that is done, if they would do that tomorrow, if they would issue $2,500,000,000 and put it into circulation, you would see the price of wheat and corn and cotton and hogs and land and lumber begin to rise and you would not need the N.R.A., you would not need artificial stimulation.

You would soon have normal conditions. Prices of wheat, cotton, corn, cattle, and so forth, would rise. It would soon bring back prosperity to all the American people. It would bring back the prices of farm commodities to what they were when our debts were contracted; and until that is done, we cannot hope to get out of debt.

The gentleman from Kansas [Mr. McGUGIN] criticized the reduction of the gold content of the dollar. Last year he was for it. I supported the proposition to cut the gold content of the dollar. I shall support this proposition because, as I said, it gives us a broader monetary base. I believe the administration will carry out the policies laid down in these laws, exercise the powers we have given them to issue this currency and put it into circulation and when they do, you will see this panic break, the prices of raw materials rise, and prosperity return. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that all debate upon this amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

Mr. PARSONS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. PARSONS: Page 2, line 6, strike out the words "at such times."

Mr. PARSONS. Mr. Chairman, the purpose in offering this amendment is to be sure that the Secretary of the Treasury will purchase what silver is available, at least in the United States. The bill as written reads as follows:

That the Secretary of the Treasury is authorized and directed to purchase silver, at home or abroad, * * * at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest.

So long as the three words "at such times" remain in the bill it is discretionary with the Secretary of the Treasury to purchase it tomorrow; if not, next month; if not, next year; if not, 5 years or 10 years from now; or whenever he may decide.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. PARSONS. I yield.

Mr. COOPER of Tennessee. For the very reasons assigned by the gentleman, we could not take those three words out. With those three words stricken out, he might have to buy it all in the morning. He could not do that. He has to buy it as he can. With those three words stricken out, he might be required to buy it all at one time. Of course, he could not do that.

Mr. PARSONS. The three words preceding and the line following those three words give the Secretary of the Treasury discretionary powers to buy at such rates and upon such terms and conditions as he may deem reasonable; but if we leave in "at such times", that time can be continued until tomorrow or next month or next year or no time whatsoever. But if we eliminate those three words, then he is compelled to go into the market and at least purchase silver, discretionary upon the terms most advantageous to the public interest.

Mr. COOPER of Tennessee. I am sure the gentleman will admit that the very thing he says might happen cannot happen under the policy laid down in this bill unless there is an absolute breach of faith, and I know he does not think for a moment such a thing could happen.

Mr. PARSONS. Of course, the hearings contain many statements as to what this bill proposes to do. The gentlemen of the committee know what a task we have had on this silver question beginning with last year, and especially during the last 3 or 4 months, and it was only a few days ago that any concession was made whatsoever on the silver question by the President, by the administration, with reference to taking silver into the monetary scheme. Therefore I submit to the committee that if those three words are stricken out, the Secretary of the Treasury will be bound to go into the markets, at least into the domestic markets, to buy the silver that is available; and under the terms of this act, he cannot put it off until next year or the next year after that; and I also submit that if the three words "at such times" remain in the bill, the Secretary of the Treasury does not have to purchase one single dime's worth of silver, either domestic or foreign, this year or next year, if he decided in his own discretionary mind that it is not in the public interest.

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we all recognize that the gentleman from Illinois [Mr. PARSONS] who has just addressed us has done valiant service in the cause of silver in this and preceding Congress, but I submit to you that the striking out of the words "at such times" will not remove the objection which the gentleman from Illinois sees in the section. The three words immediately preceding the language he seeks to strike out, empowering the Secretary of the Treasury to purchase silver at such rates as he may see fit, would give him the same discretion of dilatory tactics were to be pursued as the power included in the words "at such times."

I submit to the Committee that in my judgment the reason why the words "at such times" should be included here is to prevent the Treasury's having to pay more for the silver than the real market price. There has been some criticism heard in the consideration of this bill with regard to speculators. This language is protective against any corner in silver. It protects against the opportunity for increased profits. Now, if you say in this bill that you must buy all this silver at one time, I submit to you there would be an artificial price. It would be a much-increased price. It would not be a lasting stimulus to the commodity prices in this country or throughout the world, because, after this quantity of silver is purchased at one time, I fear that the price would immediately drop and the benefits hereunder materially decreased.

Mr. PARSONS. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. PARSONS. The gentleman knows the Secretary of the Treasury will not have to buy all this silver in bulk, because "at such rates, at such times, and upon such terms and conditions as he may deem" reasonable and most advantageous to the public interest gives him discretionary power still; but if you keep "at such times" in the bill, then he does not have to purchase a single dime's worth this year or next year or the year after that, and the gentleman knows that.

Mr. VINSON of Kentucky. I beg to differ with the gentleman. This discretionary power is a protective weapon in the hand of the Secretary of the Treasury. It protects the Treasury of the United States and thereby the people of the United States. The section of the bill which provides for the purchase of the 1,300,000,000 ounces of silver necessary to make the one-quarter ratio of silver to the monetary stocks is a mandatory provision. The members of the committee must recognize that it is a mandatory provision, and we cannot for a split second think that the Secretary of the Treasury is going to disregard such mandatory order—the direct mandate of the Congress of the United States. I submit, Mr. Chairman, that this language as drafted, with those words in it, is for the protection of the Treasury and the people of the United States. I ask that the amendment be voted down.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. FIESINGER. Well, Mr. Chairman, I have an amendment.

Mr. MOTT. I have an amendment. The gentleman from Illinois talked out of his turn. I ought to have a right to discuss my amendment.

The CHAIRMAN. The question is on the motion of the gentleman from North Carolina [Mr. DOUGHTON].

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. PARSONS].

The amendment was rejected.

Mr. FIESINGER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FIESINGER: Page 2, line 9, after the word "hereunder", strike out "at a price in excess of the monetary value thereof" and insert in lieu thereof the following: "After the purchasing power of a grain of gold shall be above that purchasing power which it had as of January 1, 1926, under the wholesale commodity-price index as computed by the Bureau of Labor Statistics."

Mr. VINSON of Kentucky. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. VINSON of Kentucky. Mr. Chairman, I make the point of order that the amendment is not germane to the bill.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. VINSON of Kentucky. There is nothing in the bill with regard to a 1926 commodity index price.

Mr. FIESINGER. Mr. Chairman, I disagree with the gentleman.

Mr. COOPER of Tennessee. Mr. Chairman, further supporting the point of order, the bill relates entirely to price. The amendment offered by the gentleman from Ohio relates entirely to time. Thus the subject matters are entirely different.

The CHAIRMAN. The Chair sustains the point of order.

Mr. MOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOTT: Page 2, line 3, after the word "silver", strike out the remainder of section 3 and insert in lieu thereof the following: "newly mined in the United States at such rates and at such times as he may deem reasonable and the most advantageous to the public interest: *Provided*, That no purchase of silver shall be made at a price in excess of the market value thereof, and in no event at a price in excess of 50 cents per fine ounce. Said silver shall be paid for by silver certificates to be issued by the Secretary of the Treasury for that purpose and not otherwise."

Mr. MOTT. Mr. Chairman, I offer another amendment, and I ask unanimous consent that it may be read before the vote is taken on the first amendment.

Mr. VINSON of Kentucky. Mr. Chairman, reserving the right to object, is the gentleman willing to have the second amendment considered in conjunction with the first one? It may save time to do it this way.

Mr. MOTT. Mr. Chairman, I had offered an amendment and had been recognized by the Chair, but the gentleman from Illinois was recognized on an amendment he offered, and then the chairman of the committee moved that debate on the section be closed. That is the reason I offered the second amendment. I wish to be heard on my amendment.

The CHAIRMAN. Without objection, the Clerk will read the amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. MOTT: I move that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. MOTT. Mr. Chairman, I do not intend to talk on the motion last read, but I wish to be heard on the amendment I have offered.

Mr. BYRNS. Mr. Chairman, I make the point of order that the gentleman is out of order unless he confines his remarks to the motion to strike out the enacting clause.

The CHAIRMAN. The gentleman from Oregon must confine himself to the motion to strike out the enacting clause.

Mr. BYRNS. The gentleman has taken up a lot of time in making points of no quorum in an endeavor to delay consideration of the bill. I think the gentleman ought to confine himself to the motion to strike out the enacting clause.

Mr. MOTT. I was perfectly frank in stating the reason why I offered the motion to strike out the enacting clause. I felt that I should have been given an opportunity to talk on my amendment, because the gentleman from Illinois was recognized after I had been recognized and after my amendment had already been sent to the Clerk's desk.

The CHAIRMAN. The gentleman from Oregon is recognized.

Mr. MOTT. Mr. Chairman, this bill is not going to give to the silver-producing States the relief they suppose it will afford. The measure, in my opinion, is offered as a mere sop to the silver-producing States, and I think they are going to experience the greatest disillusionment and the rudest awakening imaginaable when this bill is actually put into operation.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. MOTT. I yield.

Mr. MAY. May not the fact that this bill provides in the latter part of section 3 that the price of silver shall not exceed 50 cents per fine ounce when situated in the United States result in the purchase of foreign silver at a price far in excess of 50 cents a fine ounce and in this way militate against the interests of the domestic silver producer?

Mr. MOTT. I think so; and my amendment prohibits the purchase of silver outside of the United States. Not only that, but it limits the silver which may be purchased to newly mined silver. That is the only kind of silver purchasing that can do the silver States any possible good.

Mr. SAMUEL B. HILL. Mr. Chairman, I make the point of order that the gentleman from Oregon is not speaking to his motion.

The CHAIRMAN. The gentleman from Oregon will confine himself to the motion to strike out the enacting clause.

Mr. MOTT. That, Mr. Chairman, is precisely what I am doing. The reasons I am advancing are reasons why the enacting clause should be stricken out. Most certainly I am addressing myself to my motion. If the purchase of silver is not to be confined to the United States, this bill ought not to be passed, and that is sufficient reason why the enacting clause should be stricken out. And because the bill does not, in its present form, restrict silver purchases to newly mined silver in the United States, I am now contending that the enacting clause should be stricken out.

Mr. SAMUEL B. HILL. Mr. Chairman, I make the point of order the gentleman is not speaking to the motion to strike out the enacting clause.

Mr. MOTT. The reasons I assign for striking out the enacting clause are applicable both to the motion and to the amendment, that is true; but in view of what I have just said, I hardly see how the gentleman can contend that I am not speaking to the motion.

Mr. SAMUEL B. HILL. The gentleman is addressing himself to a nondebatable amendment.

The CHAIRMAN. The gentleman will discuss his motion.

Mr. MOTT. That certainly is what I am doing. If gentlemen would kindly refrain from interrupting me until I get fairly into the discussion, they would see at once that the discussion is on the motion. Now, Mr. Chairman, if it is assumed that newly mined silver——

Mr. SAMUEL B. HILL. Mr. Chairman, I make the point of order that the gentleman from Oregon is not speaking to his motion to strike out the enacting clause, but is addressing himself to his amendment, when all debate on the section has been closed.

The CHAIRMAN. The gentleman from Oregon may not discuss his amendment because debate on the section has been closed. The gentleman may discuss his motion to strike the enacting clause from the bill.

Mr. TABER. Anything pertaining to striking out the enacting clause is pertinent.

The CHAIRMAN. Yes.

Mr. MOTT. Then everything I have said is pertinent. The enacting clause should be stricken in order that we may have a bill reported providing for such legislation as I am advocating. What kind of legislation is that? It is the legislation proposed in the amendment I have offered. Strike out the enacting clause and then bring in a bill providing for the purchase of silver—silver newly mined in the United States—and you will have the relief which the silver States want but which this bill does not give them.

This bill provides that the Secretary of the Treasury may buy silver wherever he pleases, whenever he pleases, and that he shall pay for it any price that he pleases, until he has purchased enough to equal in monetary value one-fourth of the value of the gold stocks in the Treasury. He is not obliged to buy any of it in the United States. He can buy it all from India or China, if he wants to.

Let me ask gentlemen from the silver-producing States how such a measure is going to help them? How is it going to help our mining industry? Literally thousands of speculators in silver who have been purchasing that metal at cheap prices in contemplation of this legislation are going to be taken care of. They are the people behind this bill. They are the ones who are going to benefit by it. When the Treasury gets through buying the billion or more ounces which these speculators have cornered, and when it gets through buying another billion which will be dumped here by foreign countries who want our gold for it, where, I ask you, are our silver mines going to receive any benefit?

What does this Government owe to foreign nations that it should buy their silver for gold at the market price while our own silver mines are shut down for want of either a domestic or a foreign market for their product? What do we owe to the speculators who have bought up the domestic supply of silver, when there was no market for it, at prices below which it can be produced, and who now under this bill may exchange it for gold and Government bonds at prices from 25 to 50 percent in excess of what they paid for it?

I am not sure whether any amendment can make this bill a good one. But if you must buy silver until the stocks of that metal equal 25 percent of the gold in the Treasury, then why not confine your purchases to silver newly mined in the United States instead of buying it from foreigners and gamblers? That will at least help our mining industry. It will put thousands of unemployed men to work. This bill in its present form will help nobody to whom the United States owes any obligation whatever.

This bill started with good intentions. I think the intentions upon the part of the original sponsors of the bill were good, but it has been turned into one of the worst pieces of financial racketeering that I have ever heard of. The provision in this bill to buy at the monetary price all of the silver that has been hoarded through the years by financial speculators throughout the country, in my opinion, is a most vicious thing. The honest sponsors of this legislation never intended that this racket should be injected into the bill, and they should assert themselves now, before it is too late, and demand that this racketeering be stricken out of the bill.

I should like the gentlemen from the silver States to consider this. I want to help the silver States, but if this bill passes in its present form, obviously the only people in the United States who will benefit to any appreciable extent will be the speculators and hoarders—and the foreign countries who have for years been endeavoring to exchange their silver for our gold.

There is another change that should be made in the bill. As it is drawn it provides that the silver purchased shall be paid for in gold, currency, bonds, and other securities which are backed by the gold reserve in our Treasury. What is the reason for this? Purchase by such means will cost the Government nearly a billion dollars.

If additional silver is to be purchased, it should be paid for with silver certificates issued for that purpose in the amount of the silver purchased. That would cost the Government nothing, because it would then be simply a matter of taking the silver from the owner, depositing it in the Treasury, and issuing therefor silver certificates backed by the very silver purchased.

At the conclusion of this debate I intend to offer a motion to recommit and to instruct the committee to report out the bill with the amendment I have offered, providing that purchases of silver under this bill shall be confined to silver newly mined in the United States and that it shall be purchased with silver certificates. If the silver States are sincere in their desire to help their mining industry, to take the racketeering out of this measure, and to enable the Government to increase its silver reserve without bankrupting itself, I hope they will support the motion. [Applause.]

Mr. SAMUEL B. HILL. Mr. Chairman, I move that all debate on the motion of the gentleman from Oregon to strike out the enacting clause do now close.

The motion was agreed to.

Mr. MOTT. Mr. Chairman, I ask unanimous consent to withdraw my motion to strike out the enacting clause.

Mr. VINSON of Kentucky and Mr. COCHRAN of Missouri objected.

The motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon.

The question was taken; and on a division (demanded by Mr. McGUGIN) there were—ayes 21, noes 88.

Mr. McGUGIN. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. DOUGHTON and Mr. MOTT to act as tellers.

The Committee again divided; and the tellers reported that there were—ayes 22, noes 89.

So the amendment was rejected.

The Clerk read as follows:

SEC. 4. Whenever and so long as the market price of silver exceeds its monetary value or the monetary value of the stocks of silver is greater than 25 percent of the monetary value of the stocks of gold and silver, the Secretary of the Treasury may, with the approval of the President and subject to the provisions of section 5, sell any silver acquired under the authority of this act, at home or abroad, for present or future delivery, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest.

Mr. MURDOCK. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MURDOCK: Page 2, line 18, after the word "value", strike out the word "or" and insert the word "and."

Mr. MURDOCK. Mr. Chairman, if there is anything in this bill that makes it worthy of being called a silver bill it is the fact that it has the mandatory clause providing that one-fourth of our metal monetary stocks shall be acquired and maintained in silver, and every speech that has been made by members of the committee on the floor of the House today has been to the effect that, if there is anything mandatory in the bill, that clause is mandatory which provides that we must maintain one-fourth of the metal monetary stocks in silver. If there is a joker in the bill, or if there is anything in the bill that destroys that mandatory clause, it is the conjunction "or" in line 18 of section 4.

We have as one of the protections to the Treasury the provision that they cannot buy silver after it rises above its monetary value. In my opinion, that is a sufficient protection; but, if you allow the disjunctive word "or" to stand instead of replacing that word with the conjunctive "and", then immediately when the price of silver goes to $1.29 the Secretary of the Treasury is authorized to sell silver, thereby wholly destroying the mandatory feature.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. MURDOCK. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. Does the gentleman not believe if the price of silver should reach $1.29 and go above $1.29 that that would have a depressing effect on commodity values, and would the gentleman not be satisfied with that price for silver?

Mr. MURDOCK. I am satisfied that the limit on the price to be paid of $1.29 an ounce is all that the Government needs, and therefore if the members of the committee want to be consistent, how can the Treasury be directed to maintain the metal monetary stocks of this country at one-fourth silver and at the same time be directed whenever the price goes above $1.29 to sell the silver stocks regardless of whether there is more than one-fourth silver in the Treasury or not?

Mr. SAMUEL B. HILL. Does the gentleman not believe it would be in the interest of the economic condition of the country to reduce the premium value of the silver if it should go above $1.29 an ounce?

Mr. MURDOCK. May I ask the gentleman a question? He has made a speech on the floor, and every member of the committee has made a speech on the floor, telling the people of the country that it is absolutely mandatory to maintain one-fourth of our metal-money stocks in silver. Then we find this joker in the bill: The Secretary of the Treasury may, immediately on the price rising above $1.29, regardless of the quantity of silver in the Treasury, sell it. You either mean it is mandatory or it is not mandatory. If you mean what you have been saying all day here in the House, then you cannot consistently object to my amendment.

Mr. COOPER of Tennessee. The gentleman does not advocate here that the Secretary of the Treasury should continue to pay more for the silver than it is worth in money?

Mr. MURDOCK. Absolutely not. That is just what I am trying to put over. You are protected there, and you cannot purchase after it reaches $1.29; but why permit the Secretary of the Treasury by this section to sell silver even though you have not in the Treasury one-fourth of your metal monetary stock in silver? If the gentleman can answer that question, I wish he would.

Mr. SAMUEL B. HILL. If the sales of silver should bring the price down below $1.29, the Government would stop selling.

Mr. MURDOCK. I am not interested in bringing the price down. What I want is to boost the price. If the President meant anything in his message, and if the gentlemen meant anything in their talks on the floor, they mean we are going to keep the silver until we have one-fourth of monetary stocks in silver; and consistency demands that your committee accept my amendment.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I desire to call attention to one feature of the general debate this afternoon where for a brief period we touched on the industrial use of silver.

On page 56 of the hearing, Mr. McCORMACK interrogated Mr. Oliphant as follows:

I should like to know why, Mr. Oliphant, a 50-percent tax should be imposed upon silver used in legitimate business, on the profits.

Mr. OLIPHANT. I think that is a very legitimate question. Why should we impose a tax upon the middleman who merely buys silver, we will say, from a producer and sells the silver to a manufacturer?

The difficulty there is the difficulty I know your committee has so frequently run into, and that is the problem of classification.

Then, later on, Mr. Oliphant said:

I am prepared to say this, if I may: If we can work out a feasible classification, and by that I mean a classification between speculative dealing and ordinary trade dealing, that is feasible from the standpoint of administration, I would be very happy to go along with it.

Now, whether or not any such provision has been worked out, I think, is a pending question that the majority members of the committee ought to be prepared to answer.

The only expert I heard was our colleague from Texas [Mr. DIES], who said that the Government's buying up silver would, of course, increase the price of silver by increasing the demand in the market. Therefore, there will be a marked increase in the price of silver to the industrial or commercial user of it, and I think the inquiry which the gentleman from Massachusetts [Mr. McCORMACK] made of Mr. Oliphant ought to be answered as to whether or not a classification can be offered under which industrial silver will not be increased in price because the Government is going to buy up silver and hoard it.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. VINSON of Kentucky. The question of the gentleman from Massachusetts [Mr. McCORMACK] referred to the tax on silver used commercially and Mr. Oliphant stated, and it is perfectly clear, that the user of silver commercially does not pay the tax.

Mr. TREADWAY. If that is true, that helps partially.

Mr. VINSON of Kentucky. And it is also true, according to the evidence before our committee, that in the ordinary course of business—and nothing is done here to disturb this procedure—users of commercial silver get it from the mine. The definition of "cost" in this bill states specifically that the market price of silver for the silver-mine owners is the cost of production. Consequently, I may say to the gentleman from Massachusetts, there is no tax upon newly mined silver that is sold to commercial users, because there is no difference between the cost price to the mine owner as defined in the bill and the price at which he sells it—that is assuming that the mining company sells, in ordinary course of business, without holding silver for speculative purposes.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes, because I think this is a question we ought to consider.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Tennessee.

Mr. COOPER of Tennessee. I just want to remind the gentleman that the question he is discussing comes up in connection with page 7 of the bill, while we are now on page 2.

Mr. TREADWAY. But it is a question having to do with the bill very definitely, and while the explanation of the gentleman from Kentucky [Mr. VINSON] may take care of the feature to which he is referring, namely, that there will be no tax on this industrial silver, nevertheless, if the Government creates a fictitious value for the marketable silver in the markets of the world, London and New York, how can the industrial user of silver buy at any other than this fictitious value or price?

Mr. VINSON of Kentucky. I have never heard anyone suggest that the user of commercial silver should buy below the market price.

Mr. TREADWAY. Then, if the purchases—by the Government—raise the price of silver, the industrial user of silver will be at a very marked disadvantage. May I ask the gentleman if he agrees with this statement?

Mr. VINSON of Kentucky. I will say that the user of commercial silver will pay the market price.

Mr. TREADWAY. And he will be at a disadvantage if the Government raises the market price.

Mr. VINSON of Kentucky. He will pay more for it than he would if the price had not been increased.

Mr. TREADWAY. The gentleman then recognizes the fact that this bill will inflict a hardship on the user of commercial silver.

Mr. VINSON of Kentucky. It will increase the price of silver.

Mr. TREADWAY. That is what I wanted the gentleman to say.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. CULKIN. As I understood the gentleman from Kentucky [Mr. VINSON], the gentleman stated that the tax did not apply if the silver was bought at the mines, if it is all commercial; otherwise, then, the tax does apply. Is that what I understand?

Mr. VINSON of Kentucky. The tax is paid by the transferor, and if the transferor bought it for a less price and sold it at a profit, he must pay the tax. Certainly a person using commercial silver is not going to pay a higher price to a transferor when he can buy it more cheaply from the mine, which does not have to pay tax if sale is in ordinary course of business.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. SAMUEL B. HILL. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. DARROW. Mr. Chairman, I move to strike out the last word, and I do it for the purpose of calling the attention of the House to the fact that this is Decoration Day, a day when the entire country is paying honor to those who have served their country and paid their last sad sacrifice. Yet the House of Representatives seems to pay no attention to it. Here it is a quarter past 6, and the House does not seem to be willing to pay that same respect to one of its own Members who has passed away. I think it is time for the House to adjourn.

Mr. BYRNS. Mr. Chairman, will the gentleman yield?

Mr. DARROW. Yes.

Mr. BYRNS. I call the attention of the gentleman to the fact that even though this be Decoration Day, we are serving our country here as best we can. The Senate is also in session considering legislation. I stated to the House, and it was well understood, that we could get through with this bill, and if it had not been for the time taken up in a filibuster carried on on the gentleman's side of the Chamber, we would have been through by now.

Mr. DARROW. Oh, no.

Mr. BYRNS. I do not say that the gentleman filibustered, but I do say that one gentleman on his side made two or three points of no quorum when there was a quorum present. Then he called for tellers when the vote was overwhelmingly in favor of the amendment.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. We cannot accept a challenge like that. If gentlemen will go ahead and discuss legitimate amendments, we can get through with this bill in a very short time; but we cannot do it when gentlemen undertake to filibuster, as some gentlemen have undertaken to do.

Mr. DARROW. If I am correctly informed, the first roll call today was caused by a Member on the gentleman's side; not on this side of the House at all.

Mr. BYRNS. That may be true; but there has been a plain intent to filibuster, and the gentleman himself stood up a moment ago and called for tellers on an amendment that was overwhelmingly adopted.

Mr. DARROW. I thought that was proper.

Mr. McGUGIN. And when did it become a filibuster to ask for tellers?

Mr. BYRNS. It is a filibuster when on a vote that is 3 to 1 someone calls for tellers, when everybody knows that tellers are called for for the purpose of delay. There is a chance to adjourn this House sine die next Saturday week, if we pass this bill; and there is no chance to do it unless we stay here and attend to business. That is the only motive that I have in this matter. I do not have to go home any more than anybody else, but I know the country wants this House to adjourn, and I know the only way we can adjourn is to pass legislation that is deemed necessary.

Mr. McGUGIN. Does the gentleman think these two or three teller votes are responsible for this desecration of Decoration Day?

Mr. McFADDEN. Mr. Chairman, will the gentleman from Pennsylvania yield?

Mr. DARROW. Yes.

Mr. McFADDEN. I wonder if the House knows that one of the Pennsylvania delegation died yesterday afternoon, and that the Pennsylvania Members want to pass a resolution out of respect to that Member.

Mr. BYRNS. That will be done; but I have seen the House on many occasions insist on doing business before such a resolution is passed, and I wonder if the gentleman from Pennsylvania knew that our deceased colleague was dead, when he was joining in the filibuster on that side.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. The question is on the amendment offered by the gentleman from Utah [Mr. MURDOCK].

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 5. The Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3. There shall be maintained in the Treasury as security for all silver certificates heretofore or hereafter issued and at the time outstanding an amount of silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates. All silver certificates heretofore or hereafter issued shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, and shall be redeemable on demand at the Treasury of the United States in standard silver dollars; and the Secretary of the Treasury is authorized to coin standard silver dollars for such redemption.

Mr. FIESINGER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. FIESINGER: Page 3, line 3, strike out the entire section 5 and insert in lieu thereof the following: "The Secretary of the Treasury is authorized and directed to issue silver certificates redeemable upon demand in silver bullion to the full value of the face of the certificate in such denominations as he may from time to time prescribe in an aggregate amount of not less than the cost of all silver purchased under the authority of section 3. There shall be maintained in the Treasury for the redemption of all silver certificates issued under this act an amount of silver in bullion equal in value to the face amount of such silver certificates. Also silver certificates heretofore or hereafter issued shall be legal tender for all debts, public and private, public charges, taxes, duties and dues."

Mr. FIESINGER. Mr. Chairman, this amendment would make silver primary money and legal tender, at its world-accepted value. That is to say, the Secretary of the Treasury would take this one-fourth of silver reserve, as provided for in this act, and give it circulation at its true value without artificial support or restraint. He would issue certificates against the silver bullion so purchased to the full amount he paid for it. There would be no profit and no loss.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. McFADDEN. If silver is purchased abroad, how is the Treasury to pay for it? In gold?

Mr. FIESINGER. It can be settled for in those countries abroad that will take these certificates, as provided in the bill, in lawful money of the United States.

Mr. McFADDEN. "Lawful money" means gold, in settlement of international transactions, does it not?

Mr. FIESINGER. Well, it is provided that the Secretary of the Treasury may use his discretion as to payment. But under the amendment I propose, where silver is a real reserve of primary money, it would be possible and even safe to let some gold go.

Mr. McFADDEN. Does the gentleman not see the possibility of a redistribution of a lot of our gold to foreign countries, and our taking silver in return for it?

Mr. FIESINGER. I think we will have to redistribute the gold of this country. Gold must circulate. That is one of the things I want to call to the attention of the committee. There has been a lot said today about having this gold in the Treasury. This bill, in my judgment, contravenes all monetary history in the United States, in that, in my judgment, this bill is going to prevent gold redemption.

A great deal has been said today about Professor Kemmerer, and I do not agree with Professor Kemmerer, but I will say that he is right, and all economists, orthodox and otherwise, who know anything about this subject are right when they tell you that you must have a free market for your basic money and that if you are ever going to have prosperity you must get back to gold redemption. Gold and silver must be freely distributed and must freely circulate throughout the world if they are to serve as money. This is necessary for us if we are ever to have world distribution of commodities, wheat, corn, and hogs and cotton.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. COOPER of Tennessee. As I understood the gentleman's amendment, it provides for the redemption of these certificates in bullion rather than in silver dollars?

Mr. FIESINGER. Yes, sir.

Mr. COOPER of Tennessee. That has never been done in the history of the country.

Mr. FIESINGER. It has been done in other countries, and we can do it as well as they if we wish to. In our history our silver money has not been a success, and I am pointing out to you the reason why it has not been a success.

Mr. COOPER of Tennessee. Redemption has always been in silver dollars and not in bullion.

Mr. FIESINGER. And they have been 60-cent dollars and they are kept at parity with gold by our law and not by the value in the silver. In fact, there is literature that we have built up in this Congress and in the preceding Congress with two and a half years of study about this subject that seems has never been read.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. FIESINGER. I cannot yield now.

That literature I do not believe has been read by 10 Members of this House. The whole subject of money has been gone into in that committee. I have been one of the members of that committee and have studied and read that literature, and every man should read that literature which has come out of the Committee on Coinage, Weights, and Measures before he is competent to vote upon this bill. And I want to say again that I do not understand why the bill now before the House should not have been referred to that committee, which properly has jurisdiction on this subject.

There is one thing more I want to say. My friend the gentleman from Kentucky [Mr. BROWN] made the statement that the bill which I introduced would cause three or four times as much profit in speculation as this bill. You will never pass any bill that will eliminate the profit to speculators. Is your design to stop profits speculators, or is it to deal with the fundamental proposition which you are attempting to deal with, that is, to remove the cause and cure this depression? I am aiming to cure the depression. There are people in my district who are starving that they may buy milk for their babies. I have letters telling me this. My heart is sick at the tragedy of it all. I am aiming to stop it, and I see how it can be stopped. I see a way to relieve these people, and I see a way to save this great Nation. I am fearful of the consequences of further delay. Speculator's profits lie everywhere. They did not stop the gold bill nor the wheat bill nor the cotton bill. I am aiming to cure unemployment, strikes, social unrest, and give our people food, clothing, and shelter.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, apparently the sole purpose of the gentleman from Ohio [Mr. FIESINGER] is to strike out the very heart of this legislation. Any legislation that does not conform to his views will meet his opposition. I hope that those of you who are in favor of carrying out the views of the administration will vote against his amendment.

Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Ohio [Mr. FIESINGER].

The amendment was rejected.

Mr. MOTT. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

SEC. 6. Whenever in his judgment such action is necessary to effectuate the policy of this act, the Secretary of the Treasury is authorized, with the approval of the President, to investigate, regulate, or prohibit, by means of licenses or otherwise, the acquisition, importation, exportation, or transportation of silver and of contracts and other arrangements made with respect thereto; and to require the filing of reports deemed by him reasonably necessary in connection therewith. Whoever willfully violates the provisions of any license, order, rule, or regulation issued pursuant to the authorization contained in this section shall, upon conviction, be fined not more than $10,000 or, if a natural person, may be imprisoned for not more than 10 years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

Mr. WHITE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITE: Page 3, line 17, after the word "redemption", strike out all of section 6.

Mr. WHITE. Mr. Chairman, if there is anything intended by the enactment of this legislation, it is to increase the purchasing power of silver and to increase the purchasing power of the silver-using countries.

This section 6 provides:

Whenever in his judgment such action is necessary to effectuate the policy of this act, the Secretary of the Treasury is authorized, with the approval of the President, to investigate, regulate, or prohibit, by means of license or otherwise, the acquisition, importation, exportation, or transportation of silver and of contracts—

And so forth.

That will operate to bar an increase in the value of silver and an increase in the purchasing power of our foreign customers. I want to point out to you that as a result of revaluing the gold dollar, by increasing the value of the ounce of gold from $20.67 to $35 an ounce, we have favored the producers of gold in Great Britain to the tune of $235,000,000 annually. We have raised the purchasing power of our trade competitors in this country by legislative action $235,000,000 annually. When we are producing most of the silver mined in this country we are by this bill placing in the hands of one man the power to control the price of that commodity and we will destroy the main object that it was intended to accomplish in this bill. I ask you to vote out that section. There is no need of it. There is nothing in this bill that requires that section. It is simply a joker put in there to emasculate the legislation which we are trying to enact. I ask you to vote for the amendment.

Mr. SAMUEL B. HILL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho [Mr. WHITE].

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 7. Whenever in the judgment of the President such action is necessary to regulate the value of the money of the United States, he may by Executive order require the delivery to the United States mints of any or all silver by whomever owned or possessed. The silver so delivered shall be coined into standard silver dollars or otherwise added to the monetary stocks of the United States as the President may determine; and there shall be returned therefor in standard silver dollars, or any other coin or currency of the United States, the monetary value of the silver so delivered less such deductions for seigniorage, brassage, coinage, and other mint charges as the Secretary of the Treasury with the approval of the President shall have determined: *Provided*, That in no case shall the value of the amount returned therefor be less than the fair value at the time of such order of the silver required to be delivered at such value is determined by the market price over a reasonable period terminating at the time of such order. The Secretary of the Treasury shall pay all necessary costs of the transportation of such silver and standard silver dollars, coin, or currency, including the cost of insurance, protection, and such other incidental costs as may be reasonably necessary. Any silver withheld in violation of any Executive order issued under this section or of any regulations issued pursuant thereto shall be forfeited to the United States and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law; and, in addition, any person failing to comply with the provisions of any such Executive order or regulation shall be subject to a penalty equal to twice the monetary value of the silver in respect of which such failure occurred.

With the following committee amendment:

Page 4, line 11, strike out the words "regulate the value of the money of the United States" and insert the words "effectuate the policy of this act."

The committee amendment was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise at this time to keep the RECORD straight.

In his closing remarks the gentleman from Ohio [Mr. LAMNECK] made the unequivocal statement that silver could be taken under the power of eminent domain contained in section 7 at any price that the Secretary of the Treasury might deem fit to pay. In fact, the gentleman said it could be taken by the Secretary for 10 cents an ounce. As a matter of fact, newly mined silver in this country now is selling at 64½ cents an ounce. The world price for silver is 45 cents an ounce.

I want to call to the attention of the committee the provision of the bill in regard to the price that must be paid for silver that is taken under this power of eminent domain under section 1. You find the language of the bill in this section, which reads:

Provided, That in no case shall the value of the amount returned therefor be less than the fair value at the time of such order of the silver required to be delivered as such value is determined by the market price over a reasonable period terminating at the time of such order.

I think that is perfectly clear. The fair market value is to be received for the silver taken—without any tax thereon. I have already stated here, but I wish again to repeat it, that if the owner of the silver so taken under this power of eminent domain is not satisfied with the price that the Secretary of the Treasury fixes according to the market price over a reasonable period of time terminating at the time of the order, the claimant has the right under the general law of the land to go into the Court of Claims, and there the market value of the silver will be determined. The exercise of the power of eminent domain carries with it just compensation for the property taken. No property shall be taken even by our Government without just compensation. The holders of silver are protected by this constitutional right, and general law provides jurisdiction in the United States Court of Claims for the determination of such rights.

The Clerk read as follows:

SEC. 8. Schedule A of title VIII of the Revenue Act of 1926, as amended (relating to stamp taxes), is amended by adding at the end thereof a new subdivision to read as follows:

"10. Silver, and so forth, sales and transfers.—On all transfers of any interest in silver bullion, if the price for which such interest is or is to be transferred exceeds the total of the cost thereof and allowed expenses, 50 percent of the amount of such excess. On every such transfer there shall be made and delivered by the transferor to the transferee a memorandum to which there shall be affixed lawful stamps in value equal to the tax thereon. Every such memorandum shall show the date thereof, the names and addresses of the transferor and transferee, the interest in silver bullion to which it refers, the price for which such interest is or is to be transferred and the cost thereof and the allowed expenses. Any person liable for payment of tax under this subdivision (or anyone who acts in the matter as agent or broker for any such person) who is a party to any such transfer, or who in pursuance of any such transfer delivers any silver bullion or interest therein, without a memorandum stating truly and completely the information herein required, or who delivers any such memorandum without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding $1,000 or be imprisoned not more than 6 months, or both. Stamps affixed under this subdivision shall be canceled (in lieu of the manner provided in section 804) by such officers and in such manner as regulations under this subdivision shall prescribe. Such officers shall cancel such stamps only if it appears that the proper tax is being paid, and when stamps with respect to any transfer are so canceled, the transferor and not the transferee shall be liable for any additional tax found due or penalty with respect to such transfer. The provisions of this subdivision shall extend to all transfers in the United States of any interest in silver bullion, and to all such transfers outside the United States if either party thereto is a resident of the United States or is a citizen of the United States who has been a resident thereof within 3 months before the date of the transfer or if such silver bullion or interest therein is situated in the United States; and shall extend to transfers to the United States Government (the tax in such cases to be payable by the transferor), but shall not extend to transfers of silver bullion by deposit or delivery at a United States mint under proclamation by the President or in compliance with any Executive order issued pursuant to section 7 of the Silver Purchase Act of 1934. The tax under this subdivision on transfers enumerated in subdivision 4 shall be in addition to the tax under such subdivision. This subdivision shall apply (1) with respect to all transfers of any interest in silver bullion after the enactment of the Silver Purchase Act of 1934, and (2) with respect to all transfers of any interest in silver bullion on or after May 15, 1934, and prior to the enactment of the Silver Purchase Act of 1934, except that in such cases it shall be paid by the transferor in such manner and at such time as the Commissioner, with the approval of the Secretary of the Treasury, may by regulations prescribe, and the requirement of a memorandum of such transfer shall not apply.

"As used in this subdivision—

"The term 'cost' means the cost of the interest in silver bullion to the transferor, except that (a) in case of silver bullion produced from materials containing silver which has not previously entered into industrial, commercial, or monetary use, the cost to a transferor who is the producer shall be deemed to be the market price at the time of production determined in accordance with regulations issued hereunder; (b) in the case of an interest in silver bullion acquired by the transferor otherwise than for valuable consideration, the cost shall be deemed to be the cost thereof to the last previous transferor by whom it was acquired for a valuable consideration; and (c) in the case of any interest in silver bullion acquired by the transferor (after Apr. 15, 1934, and before the tax under this subdivision takes effect) in a wash sale, the cost shall be deemed to be the cost to him of the interest transferred by him in such wash sale, but with proper adjustment, in accordance with regulations under this subdivision, when such interests are in silver bullion for delivery at different times.

"The term 'transfer' means a sale, agreement of sale, agreement to sell, memorandum of sale or delivery of, or transfer, whether made by assignment in blank or by any delivery, or by any paper or agreement or memorandum or any other evidence of transfer or sale; or means to make a transfer as so defined.

"The term 'interest in silver bullion' means any title or claim to, or interest in, any silver bullion or contract therefor.

"The term 'allowed expenses' means usual and necessary expenses actually incurred in holding, refining, or transporting the interest in silver bullion as to which an interest is transferred (including storage, insurance, and transportation charges but not including interest, taxes, or charges in the nature of overhead), determined in accordance with regulations issued hereunder.

"The term 'memorandum' means a bill, memorandum, agreement, or other evidence of a transfer.

"The term 'wash sale' means a transaction involving the transfer of an interest in silver bullion and, within 30 days before or after such transfer, the acquisition by the same person of an interest in silver bullion. Only so much of the interest so acquired as does not exceed the interest so transferred, and only so much of the interest so transferred as does not exceed the interest so acquired, shall be deemed to be included in the wash sale.

"The term 'silver bullion' means silver which has been melted, smelted, or refined and is in such state or condition that its value depends primarily upon the silver content and not upon its form."

With the following committee amendment:

Page 9, line 11, strike out the word "refining" and insert the word "processing."

The committee amendment was agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 6, line 1, strike out "50" and insert in lieu thereof "90."

Mr. TABER. Mr. Chairman, this amendment is offered, as I stated in general debate, for the purpose of making the situation of the holder of and speculator in silver analogous to that of the holder of or speculator in gold. The speculator in gold was required to turn his gold in to the Treasury of this country without any profit whatever. Under this bill the holder of and speculator in silver is entitled to 50 percent of the profit that might be made by his speculation.

Speculation in silver has been on a colossal scale by a large number of speculators who have no interest in silver other than an interest to gamble. The bill as it stands without confiscatory language is a racket—a racket for the benefit of the gambler and the speculator. This amendment is offered to take the racket out of the bill. I hope the amendment will be adopted.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. RICH. Is there any reason why the American people should be prohibited from gambling in gold but permitted to gamble in silver?

Mr. TABER. Not a particle. That is why it is a racket, and why the amendment should be adopted.

Mr. COOPER of Tennessee. Mr. Chairman, I covered this question during the course of my remarks on the bill. As I stated then, the effect of such an amendment as that proposed by the gentleman from New York would be the closing of the silver market in this country. We now have 2 outstanding silver markets, 1 in New York and 1 in London; and the effect of such an amendment as this would be to close the market in this country and leave us at the mercy of the London market in carrying out the program contemplated under this bill. The amendment should be voted down.

Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 10, noes 102.

So the amendment was rejected.

Mr. CULKIN. Mr. Chairman, I offer a motion to strike out the enacting clause which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CULKIN: I move that the committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. BYRNS. Mr. Chairman, I make the point of order, In the first place, there has been no change in this bill, as I remember, since the committee voted down a previous motion to strike out the enacting clause. In the second place, the motion to strike out the enacting clause must be in writing; and, in the third place, the gentleman must declare himself opposed to the bill.

Mr. TABER. Mr. Chairman, there have been two amendments adopted since the previous motion and this motion is in writing.

The CHAIRMAN. Is the gentleman opposed to the bill?

Mr. CULKIN. I am opposed to the bill.

Mr. BYRNS. The motion shall be in writing.

The CHAIRMAN. It is in writing.

Mr. CULKIN. Mr. Chairman, the gentlemen in charge of this bill saw fit to cut off discussion on an amendment which exempted industrial silver from the application of this law. The reason I am making this motion is to protect my rights as a Member of the House and to protect the rights of my constituents as far as possible. Mr. Chairman, I have pending at the desk an amendment.

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order that the debate must be confined to the motion to strike out the enacting clause and not to any amendment which the gentleman may wish to offer.

The CHAIRMAN. The gentleman will proceed in order.

Mr. CULKIN. Mr. Chairman, I am doing the best I can. Section 8 of this law provides a penalty for speculation. The statute brands the manufacturer as a speculator.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. CULKIN. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. Will the gentleman point out the language in the bill that brands the manufacturer as a speculator?

Mr. CULKIN. You brand him as a speculator when you put a tax on silver that is used in industry.

Mr. SAMUEL B. HILL. If the gentleman will yield further, there is no tax levied on silver in a manufacturing process. There is no tax levied on a manufacturer who holds stocks of silver for manufacturing uses. There is no tax levied on fabricated silver commodities.

Mr. CULKIN. The monetary bill specifically exempted gold, and I have been endeavoring for the last hour to get the gentlemen of the committee to consent that this bill except the silver used in manufacturing.

May I say further, Mr. Chairman, that one-sixth of the 39,000,000 ounces, the total silver produced in continental America, is used in these manufacturing establishments, such as for jewelry and other types of manufactures. The silver industry employs 100,000 men, and it is now proposed to put an additional burden on them and that, if you please, without any chance for discussion here, simply an arbitrary, unjustified procedure on the part of this committee.

Mr. SAMUEL B. HILL. With the Secretary of the Treasury empowered under this bill to buy 1,312,000,000 ounces of silver, what does the gentleman think is the leading factor in determining the market value of silver? Is it not the fact that the Federal Government is in the market for silver?

Mr. CULKIN. Certainly.

Mr. SAMUEL B. HILL. This being true, will that not fix the market value to the manufacturer who has to buy for industrial use?

Mr. CULKIN. That is true to some extent. But I may say to the gentleman that there is a border line there. There is a danger that the so-called "bureaucrats"—perhaps that is an impolite term—of the Treasury will say to the industrialists: "You must pay a tax." The gentleman has heard of that sort of thing before. Why not clarify the language? Why not give it a reasonable clarification by an amendment exempting silver used for industrial purposes? I may say to the gentleman that that was done in the gold bill.

Mr. SAMUEL B. HILL. If the manufacturer has to buy his silver in the market, and if that market is fixed by the fact the Federal Government is buying silver, what benefit will there be to the manufacturer to let the transferor to him of the silver have a tax rebate on his stocks? He will have to pay the same amount of money anyway.

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion of the gentleman from New York.

The motion was rejected.

The Clerk read as follows:

SEC. 10. As used in this act—

The term "person" means an individual, partnership, association, or corporation;

The term "the continental United States" means the States of the United States, the District of Columbia, and the Territory of Alaska;

The term "monetary value" means a value calculated on the basis of $1 for an amount of silver or gold equal to the amount at the time contained in the standard silver dollar and the gold dollar, respectively;

The term "stocks of silver" means the total amount of silver at the time owned by the United States (whether or not held as security for outstanding currency of the United States) and of silver contained in coins of the United States at the time outstanding;

The term "stocks of gold" means the total amount of gold at the time owned by the United States, whether or not held as a reserve or as security for any outstanding currency of the United States; and

The term "silver bullion" means silver which has been melted, smelted, or refined and is in such state or condition that its value depends primarily upon the silver content and not upon its form.

With the following committee amendment:

On page 11, strike out lines 7, 8, 9, and 10.

The committee amendment was agreed to.

Mr. SAMUEL B. HILL. Mr. Chairman, in line 6, page 11, I think there is an oversight in the matter of the committee amendment in not including the semicolon and the word "and" as a part of the matter to be stricken out. I therefore offer an amendment striking out the semicolon and the word "and" and inserting a period.

The Clerk read as follows:

Amendment offered by Mr. SAMUEL B. HILL: Page 11, line 6, after the word "States", strike out the semicolon and the word "and" and insert a period.

The amendment was agreed to.

The Clerk read as follows:

SEC. 11. In addition to any sums appropriated by section 3 there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $500,000, which shall be available for expenditure under the direction of the President and in his discretion, for any purpose in connection with the carrying out of this act; and there are hereby authorized to be appropriated annually such additional sums as may be necessary for such purposes.

Page 11, line 11, after the figure "11", strike out the words "In addition to any sums appropriated by section 3 there is hereby" and insert in lieu thereof the words "There is authorized to be".

The committee amendment was agreed to.

The Clerk concluded the reading of the bill.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MARTIN of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes, pursuant to House Resolution 401, he reported the same back to the House with sundry amendments adopted in the Committee.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on amendments? If not, the Chair will put them en gros.

The amendments were agreed to.

Mr. BYRNS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BYRNS. Mr. Speaker, I understand if the House adjourns now, this will be the first order of business in the morning after the reading of the Journal.

The SPEAKER. Yes. The Chair would suggest that we proceed with the third reading of the bill.

The bill was ordered to be engrossed, read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. BYRNS. Mr. Speaker, it is the understanding that the vote on the passage of the bill will go over until tomorrow morning.

EXTENSION OF REMARKS—H.R. 9715

Mr. STUDLEY. Mr. Speaker, we are again facing the same problem that was faced by the Cleveland administration in 1893. We are about to dash ourselves to pieces against the economic laws that we cannot repeal.

The heresy of trying to advance the price of silver by an act of Congress has again arisen. This heresy was slain by our people in 1896. But it has again been brought to life.

Let us turn back the pages of our recent history.

Within the memory of many of us now in the Congress the Silver Purchase Act of July 14, 1890, was enacted. This act provided in substance that the Government must purchase monthly 4,500,000 ounces of silver bullion, and that the Secretary of the Treasury should issue in payment therefor Treasury notes redeemable on demand in gold or silver coin, at the discretion of the Secretary of the Treasury, and that said notes may be reissued. It was declared in the act to be—

The established policy of the United States to maintain the two metals on a parity with each other upon the then legal ratio, or such other ratio as may be provided by law.

The action of the Secretary of the Treasury was so controlled by the above declaration as to prevent his exercising the discretion nominally vested in him. It is at once apparent that if the Secretary refused to pay these Treasury notes in gold, if demanded, they would stand discredited and would suffer a depreciation as obligations payable only in silver; this would destroy the parity between the two metals by establishing a discrimination in favor of gold.

More than $147,000,000 of these Treasury notes had been issued in payment for purchases of silver bullion by July 15, 1893. A large proportion of these notes given in the purchase of silver bullion had been paid in gold out of the Treasury. Between May 1, 1892, and July 15, 1893, these Treasury notes issued in payment of silver bullion amounted to a little more than $54,000,000, and during the same period about $49,000,000 was paid out by the Treasury in gold for the redemption of such notes.

This policy made the depletion of our Treasury gold reserves easy, and the European nations immediately took advantage of such an opportunity. Our gold reserves in the Treasury were promptly depleted. Between July 1, 1890, and July 15, 1893, the gold in our Treasury was decreased by more than $132,000,000, while during that same period the silver coin and bullion in our Treasury increased by more than $147,000,000.

The implacable law of economics could not be stayed even by an act of the Congress. Grimm's Law went grimly and irresistibly forward, and the cheaper metal drove the dearer metal out of circulation.

When the Silver Purchase Act of July 14, 1890, was enacted, it was hailed as sure to advance the price of the white metal. But the price of silver, obedient to economic law, went down, and down, and then further down as the purchases increased, until its price reached the lowest point ever known up to that time. The act of Congress designed to advance the price of silver was impotent in the face of economic law—the rule of supply and demand over prices.

The situation with the Treasury grew steadily worse notwithstanding the sales of Government bonds made to reinforce the gold reserves, and on the 1st day of December 1895, within less than 5½ years, there had been withdrawn from the Treasury nearly $375,000,000. Nearly $327,000,000 of the gold thus withdrawn, had been paid out on these Treasury notes and all the $346,000,000 was then still uncanceled and ready to be used to draw more gold from the Treasury.

In his special message to the Congress of August 8, 1893, and again in his third annual message of December 2, 1895, President Cleveland earnestly besought the Congress for remedial legislation. Meanwhile, on November 1, 1893, the silver purchase law had been repealed, but at that time the mischief had been done and the Treasury notes had been issued, which had wrecked our Treasury's gold reserve and made our fiscal system the gullible objective of the nations of Europe.

In his special message above referred to, President Cleveland used the following language, which has since become one of the high lights of Democratic doctrine with reference to our financial structure:

> The people of the United States are entitled to a sound and stable currency and to money recognized as such on every exchange and in every market of the world. Their Government has no right to injure them by financial experiments opposed to the policy and practice of other civilized states, nor is it justified in permitting an exaggerated and unreasonable reliance on our national strength and ability to jeopardize the soundness of the people's money.

Acts of Congress are potent impulses to apply to the advancement of economic theory. But even an act of Congress will not arrest the implacable laws of economics and evolution. They will move forward with the resistless power of the glacier down the mountainside.

It has been stated during this discussion that we are now living in a new era and that President Cleveland and even Thomas Jefferson lived in a different economic atmosphere and that their economic philosophy can in no wise apply to our problems. But in spite of these apparent differences, I am convinced of the living virility of the law of supply and demand and of the survival of the fittest. No act of Congress can thwart their operation.

Mr. GRIFFIN. Mr. Speaker, I had intended to propose an amendment to this bill, H.R. 9745, a bill unblushingly framed and presented for the benefit of the silver sharks and the swarms of speculators who swim around them, but desisted at the last moment.

Wall Street seems to have such a strangle hold upon the sentiment of this House that my feeble plea for one of the most ancient forms of currency seemed foredoomed to failure.

I refer to wampum, which was used by our ancestors for thousands of years before Columbus discovered America. Aye, even later, until Wall Street, with its ruthless methods of spoliation, polluted our shores and perpetrated the atrocious crime of 1873 and put it on a par with silver.

Why did the white man demonetize wampum? It certainly conforms to all the requirements of the quantitative theory of money. We have 10,000 miles of shore line, every mile of which is a vertible mine of wealth to those who sincerely believe the base of our currency should be expanded.

If you would strike out the references in this bill to silver and insert the word "wampum", you would accomplish the long-cherished desideratum of broadening the base of our monetary structure and of permanently remedying the serious maladjustment of our currency that has so long tortured the minds of our "brain trusters."

But enough of mere ratiocination! I disdain its use when the merits of the proposition are so manifest that even a child could understand its language.

Let me make the appeal to your hearts, my braves! Think of the gorgeous strings of wampum that adorned the breasts of our beauties, when, in the long-distant past, the stringing swish of our arrows set the leaves of the forest astir and the dread sickening thud of our tomahawks was heard in battle.

Then, on the practical side, think of our obligations to our loyal friends and neighbors, who, anticipating this projected effort to enhance the price of wampum, and with highly unselfish concern for its fate as the monetary base of our national currency, have stacked their tents with its stores. Shall we not think of them? We would be untrue to them, untrue to the parents who bore us, untrue to our children, untrue to those lofty ideals of humanity and friendship which have ever controlled our legislative policies, if we did not here and now wrest from the greedy hands of the gold and silver magnates their monopolistic control of those soul-destroying metals which have so long pressed their thorns relentlessly down on the brow of labor.

Let us restore once more the sanctified and "holey" wampum—the money of our fathers—to its once glorious place as the base of our Nation's currency. It is unquestionably of sufficient volume to meet the urgent needs of the red man, whose people are clamoring—aye, starving—for the want of more money.

With Government approval of wampum, there will be money for everybody; the quantitative school of thought will be victorious; prosperity will return; the American flag will wave again in triumph over a country happy and contented and the stars will shine again in benevolent splendor on the greatest and most prosperious nation in all the world.

CANCEL INTEREST ON LOANS ON ADJUSTED-SERVICE CERTIFICATES

Mr. COLLINS o Mississippi. Mr. Speaker, I ask unanimous consent to exentd any remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, I take a great deal of pride in my record touching veterans' legislation.

The Congress only has the power to declare war. In my judgment, when it votes to place the Nation in that status, by implication it pledges the Nation when peace shall have been restored to do justice to the fullest possible extent to those of our citizens who joined the colors pursuant to its act. Thus minded, I have advocated and supported every measure of relief, every measure of restitution, if it be possible to make restitution, to those who were called by act of Congress from the pursuits of peace to engage in war and its consequent effects.

A declaration of war means the loss of human lives. It means widows and orphans, wrecked homes, blasted plans and ambitions, ruined careers, maimed and pain-wracked bodies, destroyed minds. A few paltry dollars never can make amends. At best, if adequate, they may lighten the burden and make the future somewhat easier to endure.

After waiting more than 7 years, the veterans of the last war were given an adjusted-service certificate—not something that would be of immediate benefit to those in destitute circumstances, but payable 20 years hence. The only way a veteran in need may be immediately advantaged is to borrow on the security of his adjusted-service certificate. He is treated just like an ordinary commercial borrower that pledges his security and submits to an annual interest charge.

Mr. Speaker, I have no knowledge of the extent to which veterans have availed themselves of the loan privilege. I take it that a very large percentage have been compelled to resort to that course. Undoubtedly many of the borrowers never will be able to repay their loans. In that event a very large portion of the maturity value of certificates will have been eaten up by interest. I do not think that is right, equitable, or just. I feel that the holder of an adjusted-service certificate ultimately should be paid an amount equivalent to its full maturity value and not penalized because through force of circumstances he has found it necessary to borrow upon it to keep body and soul together in these times of wide-spread distress and destitution. Therefore, I am presenting today a bill that will effectuate my thought, that will remove any interest charge against an adjusted-service certificate. To do otherwise, in my judgment, would place the Government in the despicable position of profiting at the expense of those for whose plight, in a great many cases certainly, it is entirely responsible.

PUBLIC ROADS BILL

Mr. IMHOFF. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. IMHOFF. Mr. Speaker, a few days ago it was my privilege to vote favorably on the passage of H.R. 8781, the public highways bill, a bill designed to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and for other purposes.

I was glad to have a part in adding an amendment to this bill calling for an appropriation of $400,000,000, said amendment requiring that one-fourth, or not less than 25 percent, of this appropriation be expended upon county and township roads.

This amendment will mean that the State of Ohio will be allotted $4,000,000 to be spent upon school-bus routes, mail routes, and other township and county roads. In my State the appropriation for highway construction under the relief program was expended almost entirely on the main thoroughfares, and the township and county roads got comparatively nothing. Under the C.W.A. some work was done on these roads, but with the curtailment of the C.W.A. much of this work was left uncompleted.

This bill, if concurred in by the Senate, will correct these injustices and will do something worth while for the farmers, the school children, and the rural mail carriers. It will at least help to get them out of the mud.

I understand this is the first time in the history of the Nation that Congress has specifically directed the spending of Federal money on township and county roads, and I am proud to have had a part in it. This is a distinct victory for the people in the rural sections of our country from one end to the other.

It seems to me that it was high time that Congress was paying some attention to these forgotten people, who are in reality the very backbone of the Nation. The specific instructions as to the expenditure of this appropriation provide employment in most needed sections and give proper recognition to the most neglected of all our people in this respect, namely, the farmers, the school children, and the rural carriers.

On the day this legislation was passed Congress did itself proud.

THE NAVAL AFFAIRS SUBCOMMITTEE WHITEWASH OF AIRCRAFT PROCUREMENT

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a minority report on naval aircraft purchases.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. Mr. Speaker, under unanimous consent to extend my remarks in the RECORD, I include the minority report on naval aircraft purchases.

The minority report is as follows:

MINORITY REPORT OF W. D. MCFARLANE, OF THE SUBCOMMITTEE INVESTIGATING AIRPLANE MANUFACTURE

Our committee met 20 days during February to hear the testimony or witnesses brought before us who were named to investigate the following:

1. To ascertain profits in manufacture of airplanes, airplane engines, and aeronautical equipment.
2. To ascertain if any profiteering has taken place.
3. To ascertain whether there has been any collusion between manufacturers with respect to Government contracts.
4. To ascertain whether the method of development and procurement can be improved.
5. Any other phases that may appear desirable to see that the Government interest is wholly protected.

ONLY THE NAVY'S SIDE OF TESTIMONY HEARD

Only Navy and former Navy officials and the representatives of the different companies selling the Navy aircraft equipment were called before the committee to testify. The writer requested that other parties, independent of the Navy, including those companies not doing business with the Navy, be called, and that expert aviators and aviation engineers, including Gen. William Mitchell and Mr. C. J. H. MacKenzie-Kennedy, be called before the committee to testify, and after considerable debate, finally, on February 27, the committee agreed to allow Gen. William Mitchell and Mr. C. J. H. MacKenzie-Kennedy to file written statements, which they did, but which statements were not read nor considered by the committee before adopting the report, favoring in every way the present plans of operation of naval aircraft purchase. Because of lack of sufficient evidence covering both sides of the different questions under investigation, I believe the report of the committee is premature and the evidence before the committee wholly insufficient to cover all sides of the question under investigation or to justify the majority report filed herein, completely approving all points under investigation, so far as the Navy Department is concerned.

FIRST PROPOSITION

"To ascertain profits in manufacture of airplanes, airplane engines, and aeronautical equipment."

How can we determine and declare whether or not the profits made by contractors from the Navy airplane business is moderate and reasonable, when the undisputed evidence in the record shows little or no competition is actually being had in the procurement of our warplane engines, as well as of warplanes and accessories? The names of the directors comprising the aircraft, companies, which clearly establishes an interlocking directorate, showing the connections of these differently named companies, was inserted in the CONGRESSIONAL RECORD by me (p. 4977).

It shows the aviation industry as really a single company. If there is an air trust completely dominating the aircraft industry, as many people believe, and the chart substantiates, then how can this committee, on the record at this time, find the profits in the manufacture of airplanes and aircraft equipment to be moderate and reasonable, and especially in the face of the record showing that since the Aircraft Act of July 1926 the Navy's average cost for engines amounts to $8,793, while the Army's average cost for engines is $6,691 each; that Navy engines purchased under competitive bidding cost an average of $3,332, while the Army engines purchased under competitive bidding cost an average of $4,798. At this point I insert in the report an article from the Washington Evening Star of March 12, entitled "Warplane Engine Price Gap Probed—McCarl's Figures Show Wide Difference Between Army and Navy Figures", by the Associated Press, as follows:

"A wide difference in prices paid by the Army and Navy for airplane engines was disclosed today. Congressional investigators started a hunt for the cause of the gap.

"Representatives of both services had etimated the average cost at around $6,000 per motor. A statement by J. R. McCarl, the Comptroller General, emphatically disagreed with that figure.

"McCarl's list of contracts granted since July 1926 showed the War Department paid an average of $6,691 for 4,245 engines, while the Navy's average cost was $8,793 for 3,158 engines.

"The investigators were trying, also, to find out why 2 Army engines which were bought on competitive bids cost an average of $4,798, while 103 obtained by the Navy, also on competitive bids, cost $11,332.

"There were some differences in the engines, the investigators agreed, but they still wanted more information.

"'RUSH ORDERS' PUZZLE

"A puzzle over 'rush orders' put through in the last days of the Hoover administration was growing even more puzzling to House committeemen.

"The investigators had a new tabulation from McCarl of $10,000,000 worth of Army planes contracted for in the 3 months just before President Roosevelt took office.

"This showed that from January 11, 1933, through February 28, contracts for 653 engines and 136 airplanes, costing $9,405,172, were let by the War Department. The Navy had no contracts during this period.

"Of these, only a $1,414,227 contract, let to the Boeing Airplane Co. on January 11 for 136 airplanes, was held by the Comptroller to have been competitive.

"The other contracts, which McCarl ruled were not competitive, follow:

"Consolidated Aircraft Corporation, 10 planes, February 27, 1933, $615,863; Curtiss Airplane & Motor Co., Inc., 1 plane, February 21, $40,000, and 46 planes, February 27, $946,791; Douglas Aircraft Co., Inc., 24 planes, February 28, $440,304, and 6 planes, February 28, $292,013; Glenn L. Martin Co., 49 planes, January 17, $2,440,605.

"Pratt & Whitney Aircraft Co., 3 engines, February 4, $63,314; 255 engines, February 4, $1,251,962; 2 engines, February 7, $12,551; 20 engines, February 16, $130,889; 24 engines, February 28, $113,133.

"Wright Aeronautical Corporation, 2 engines, January 9, $15,085; 3 engines, January 11, $23,000; 52 engines, February 1, $451,444; 64 engines, February 24, $568,320; 92 engines, February 28, $585,671."

SECOND PROPOSITION

"To ascertain if any profiteering has taken place."

The majority report finds "The reason for the small average profit is to be found in the fact that the existence of the Naval Aircraft Factory at Philadelphia has probably served as an effective brake on the price of airplanes."

The record shows but 23 airplanes manufactured in this plant since 1923, and none manufactured since 1931, and the average unit price for manufacturing the last 11 planes in this plant was $125,541.30, as shown by complete record of the aircraft plant at Philadelphia, as furnished by the Navy Department, as follows:

Aircraft manufactured at the Naval Aircraft Factory

Year	Type	Number manufactured	Unit price
1917-18	C-1—flying boats, 2 engines	First boat	$55,547.84
		First 9	40,794.92
		Second 10	25,673.55
		Last 30	21,680.96
1918-19 (war)	F5L—flying boat, twin engine	First boat	56,099.76
		First 25	26,339.08
		Second 25	25,664.95
		Third 25	20,495.45
1919	F6L	2	35,932.41
	SA-1	2	3,151.62
1918-19-20	NC-5632—big flying boats, 6 engines	1	113,924.72
	NC-5633, 5634, 5635	3	90,330.75
1918	HS-3, 5590, 5591	2	23,570.86
1920	MF—small flying boats, 1 engine	First 20	5,821.97
		Second 20	4,755.14
		Third 20	4,435.59
		Fourth 20	3,771.52
	VE 7 Standard-Vought, 2-seat fighters	16	5,377.61
	VE	24	5,978.86
	VE, except final assembly	10	5,631.12
	VE 7, 5681, 5690	10	10,015.78
	VE 7, G, 5691, 5700	10	8,901.60
1920-22	Loening amphibian	36	7,125.38
1921	NC-9 and 10, Loening amphibian	2	110,231.73
1922	PT—twin-float seaplane	6	15,427.35
		9	15,251.77

Aircraft manufactured at the Naval Aircraft Factory—Continued

Year	Type	Number manufactured	Unit price
1923	TS—Fighters	5	$27,159.85
	TF—Fighters	4	52,402.26
1923	PT-2—twin-float seaplane	18	20,572.22
1924	DT-4—twin-float seaplane	2	25,417.14
1924	TG4—2-float torpedo seaplane	1	36,780.00
		1	38,078.00
		1	35,349.00
1926	PN-7—flying boat	2	137,679.45
	TG-2—float torpedo seaplane	2	37,524.94
	No. 1-2—float torpedo seaplane	3	30,948.20
1925-31	PN-8—flying boat	1	194,602.16
	PN-9—flying boat	1	167,731.45
	NM-1—flying boat	1	107,178.14
	PN-10—flying boat	2	104,288.00
	PN-11—flying boat	1	166,263.89
		1	112,614.00
1929	XT2N-1—flying boat	1	70,715.75
1930-31	XP4N-1—flying boat	1	102,085.68
	XP4N-2—flying boat	1	125,593.64
	XP4x2—flying boat	1	125,593.64

NOTE 1.—The above costs are exclusive of engines, but inclusive of everything else, such as instruments, etc. The costs do not include the overhead expense of officers' salaries, plant maintenance, plant depreciation, purchase and supply salaries, and other clerical administrative expense that is properly figured in costs by private firms and which might be added; no charge for interest on investment in plant, amounting to $11,000,000, nor municipal, State, and Federal taxes. The foregoing shows that anything done by the Naval Aircraft Factory at Philadelphia is quite useless as a check of private airplane-manufacturing firms.

Next, the majority report states, "Furthermore, the naval personnel who have handled procurement matters have endeavored to carefully analyze price quotations and to appraise them in the light of all the technical information available", and that statement made in the face of the evidence above quoted which fails to show what salaries are paid and all personnel and maintenance expense. Surely Congress has not forgotten its investigation and experience with its credit mobilizer—a corporation organized by a few stockholders of the Union Pacific Railroad Co. to construct the Union Pacific Railroad Co. and which secured approximately 90 millions for performing work which was valued by a congressional committee at $40,000,000.

PURCHASES UNDER P.W.A. MADE WITH LITTLE OR NO COMPETITION

That being true this committee should be and the taxpayers at large are interested in knowing fully the reasons why it is necessary to pay the amounts listed for airplanes and parts and particularly why there was no real competition had in the procurement of aircraft equipment recently expended under the $7,500,000 P.W.A. allotment. The list of contracts for the purchase of airplanes, airplane engines, instruments, and equipment is as follows:

CONTRACTS FOR PURCHASE OF INSTRUMENTS OR EQUIPMENT FOR AIRPLANES (P.W.A. ALLOTMENT)

No.	Date	Contractor	Article	Unit price	Total price	Purchase method[1]
32108	June 30, 1933	Aircraft Radio Corporation	76 radio-receiving equipments	$832.38	$63,261.00	Letter.
			48 more of same sup. Dec. 9, 1933	702.90	33,739.20	T.
32109	do	Hygrade Sylvania Corporation	45 radio-transmitting equipments	1,980.61	89,127.45	T.
34018	Dec. 21, 1933	Eclipse Aviation Corporation	Various electrical equipment		163,899.85	K.
34158	Jan. 2, 1934	Sperry Gyroscope Co	Pilot for automatic flying		13,770.00	K.
34298	Jan. 15, 1934	Pioneer Instrument Co., Inc	80 manifold pressure-warning systems	75.00	6,000.00	T.
34299	do	Consolidated Ashcroft Hancock Co	200 thermometers	20.00	860.00	T.
34300	do	Kollsman Instrument Co., Inc	100 pressure gages	14.40	1,440.00	T.
34301	do	Consolidated Ashcroft Hancock Co	353 engine gage units	11.25	3,972.00	T.
34302	do	Sperry Gyroscope Co., Inc	480 directional gyros, etc	401.92	192,926.00	T.
34303	do	Pioneer Instrument Co., Inc	111 turn and bank indicators	70.00	7,770.00	T.
34304	do	Elgin National Watch Co	218 protractors	24.35	5,308.30	T.
34305	do	Pioneer Instrument Co., Inc	250 compasses	24.90	6,225.00	T.
34306	do	do	100 electrical tachometers	69.50	6,950.00	T.
34307	do	do	25 octants	230.00	5,950.00	T.
34308	do	Willard Storage Battery Co	93 batteries, storage	19.37	1,802.14	T.
34309	do	Kollsman Instrument Co., Inc	840 altimeters	68.00	57,120.00	T.
34332	Jan. 16, 1934	Elgin National Watch Co	200 chart boards	6.70	1,340.00	T.
34336	do	do	570 aircraft clocks	14.00	7,980.00	T.
34340	Jan. 18, 1934	Aeromarine Instrument Co., Inc	253 tachometers	12.50	3,162.50	T.
34341	do	Pioneer Instrument Co., Inc	230 pilot-static tubes	4.80	1,104.00	T.
34342	do	Kollsman Instrument Co., Inc	561 airspeed indicators	14.50	8,134.50	T.
34408	Jan. 22, 1934	Weston Electrical Instrument Corporation	Parts for 100 engine cylinder thermometer indicators	7.74	774.00	T.
34409	do	The Lewis Engineering Co	100 cylinder thermometer indicators with switches	28.35	2,835.00	T.
34411	do	Paul G. Haaks	360 inclinometers	5.75	2,070.00	T.
34412	do	Pioneer Instrument Co., Inc	329 fuel-quantity gages	11.85	3,898.65	Competitive.
34446	Jan. 25, 1934	Elgin National Watch Co	50 navigational watches	39.50	1,975.00	Do.
34632		Kent Extinguisher Co	135 chemical fire extinguishers	6.50	850.50	Do.
34679	Feb. 10, 1934	Aircraft Radio Corporation	457 transmitting equipments	564.98	258,198.56	Do.
34854	Feb. 23, 1934	Steele Products Corporation	231 aircraft filter units	3.36	776.75	Do.
34875	Feb. 24, 1934	Walter Kidde	5 c.o.-2 fire extinguishers	148.50	741.00	Do.
34882	do	Turner Devices, Inc	600 aircraft plotters	.87½	525.00	Do.
34883	do	Pioneer Instrument Co	28 octants	245.00	6,860.00	Do.
35024		Switlik Parachute & Equipment Co	312 aviators' belts	2.26	706.35	Do.
35060		Graham Electric Co	1 high-power announcing set		7,800.00	Do.

[1] Explanation of the abbreviations shown on these lists under "Purchase method" are as follows, and refer to the respective sections of the act of July 2, 1926: "K", no competition—purchases made without competition K—procurement information furnished by Comptroller's department from Navy contracts on file with them—(practically all such contracts filed with Comptroller's department show no competition). "T", purchases of aircraft authorized to be made from the lowest responsible bidder. (T—procurement information furnished by Navy Department, these contracts not yet filed with the Comptroller's department.)

CONTRACTS FOR PURCHASE OF PARTS FOR AIRPLANES OR AIRCRAFT ENGINES (P.W.A. ALLOTMENT)

No.	Date	Contractor	Article	Unit price	Total price	Purchase method
33932	Dec. 14, 1933	Hamilton Standard Propeller Co	Propellors		$156,250.00	K.
34112	Dec. 26, 1933	Chance Vought Corporation	9 landing gears	$863.08	7,767.72	K.
34113	do	Pratt & Whitney Aircraft Co	48 sets of parts to remodel Pratt & Whitney R-1690-40 engines.	177.48	8,519.04	K.
34152	Jan. 2, 1934	Glenn L. Martin Co	19 cockpit enclosures	1,281.29	24,344.52	K.
34162	do	Smith Engineering Co	22 propellers	2,389.54	52,470.00	K.
34257	Jan. 13, 1934	Wright Aeronautical Corporation	17 sets parts to install propeller shaft	1,034.64	17,589.00	K.
34258	do	do	92 sets parts to modify Wright R-1820-78 engines, with labor for assembling 111 cam hubs, etc.	253.61	23,332.54	K.
34276	do	Chance Vought Corporation	3 cockpit enclosures	641.00	1,923.00	T.
34449	Jan. 25, 1934	do	26 sets tail surfaces	516.60	13,431.60	T.
34680	Feb. 10, 1934	Curtiss Aeroplane & Motor Co	50 propeller hubs	1,315.00	65,750.00	T.
34681	do	Hartzell Propeller Co	115 propeller blades	158.80	18,262.50	T.
34682	do	Hamilton Standard Propeller Co	98 propellers, controllable pitch	988.06	96,830.00	T.
34923	Mar. 1, 1934	Blaw-Knox Co	20 heavy-duty cylinders	425.00	8,500.00	T.

CONTRACTS FOR PURCHASE OF AIRPLANES OR ENGINES FROM $7,500,000 P.W.A. ALLOTMENT

No.	Date	Contractor	Article	Item price	Unit price	Total price	Purchase method
34019	Dec. 21, 1933	Grumman Aircraft Engineering Corporation	5 airplanes	$102,500.00	$20,500.00	$123,143.45	K.
			Parts	20,500.00			
			Changes	143.45			
					24,628.69		
34031	Dec. 23, 1933	Pratt & Whitney Aircraft Co	59 engines	606,358.27	10,277.25	790,248.89	K.
			Parts	182,524.62			
			Drawings, lists, etc	1,366.00			
					13,394.04		
34194	Jan. 8, 1934	Douglas Aircraft Co., Inc	6 airplanes	226,500.00	27,750.00		
			Parts	56,625.00			
			Drawings, data, etc	6,000.00			
					48,187.50	289,125.00	K.
34217	Jan. 9, 1934	Great Lakes Aircraft	17 BG-1 airplanes and spares		19,880.32	337,965.53	K.
34568	Jan. 30, 1934	Wright Aeronautical Corporation	56-R1820 engines and spares		7,816.49	437,723.42	K.
34813	Feb. 17, 1934	Curtiss Wright Airplane Co	2 airplanes, transport type		59,950.00	119,900.00	T.
34816	Feb. 23, 1934	Chance Vought Corporation	Service and material to convert 1 plane			52,700.00	K.
34144	Dec. 27, 1933	Consolidated Aircraft Corporation	21 airplanes, parts, etc		85,690.47	1,799,500.00	K.
			Change order of Feb. 20, 1934			3,402.00	
34159	Jan. 2, 1934	Pratt & Whitney Aircraft Co	7 engines and spares, with		13,159.87	92,114.30	K.
			Option no. 1, 12 engines, spares, etc		13,054.15	156,649.80	K.
			Option no. 2, 12 engines, spares, etc		13,054.15	156,649.80	K.

It seems that the price being paid for this equipment is excessively high, as shown by the above charts. If there is an Air Trust, as many of us believe, or a working agreement with the different aircraft concerns (which is the same thing) whereby they set the price the Government shall pay for this equipment, as the prices on much of this equipment indicate is being done, and it seems has been done, it is evident that much profiteering has taken place. It is true that since these different companies have reorganized into two principal holding corporations, the profits have been reduced. It is also true that in such reorganization in the holding corporations the Government has been deprived of hundreds of thousands of dollars in income taxes, that would have been paid by these different subsidiaries had they not been allowed to file consolidated returns through the holding corporation.

THE TRUST AND CONSOLIDATED RETURNS

As a result of my investigation of the income-tax returns of these different corporations, and the information thus disclosed (CONGRESSIONAL RECORD, pp. 6080–6085, 6463, 6889–6892), there was furnished concrete evidence upon which Congress last week acted and abolished the right to file consolidated income-tax returns. This amendment will require many more millions in taxes to be paid into the Treasury by these large corporation chains.

The evidence shows the Navy examined the books of these companies at stated intervals and the division of overhead costs as to Army, Navy, and commercial business apportioned by the company for costs purposes. The evidence shows there is little or no competition in the amounts paid for war engines and war planes. A compilation since the Aircraft Act of 1926 shows that Army expenditures for aircraft total $57,346,098, with competitive contracts amounting to only $3,336,634, while the Navy expenditures during this time were $53,026,614, with competitive contracts amounting to $5,901,051, and noncompetitive contracts amounting to $47,125,563.

We have no testimony in the record showing what other engine and plane manufacturing concerns not doing business with the Navy could and would have charged the Government for this material.

THIRD PROPOSITION

"To ascertain whether there has been any collusion between manufacturers with respect to Government contracts."

The chart attached under the first proposition clearly shows the interlocking directorate and the connections existing between the different aircraft concerns in this country today, giving an ample voice in each other's affairs. The testimony shows these principal concerns pool their patents, which is a powerful weapon and can be used to force understandings and agreements on price, and according to the way the Government contracts on engines and planes have been awarded it seems that the contracts on both engines and planes have been fairly well distributed between the subsidiaries of the two principal holding corporations, to wit: United Aircraft & Transport Corporation and the Curtiss-Wright Corporation. Of the 4,245 engines purchased by the Army since the Aircraft Act of 1926, 2,492 were purchased from Pratt & Whitney, and 1,153 from Wright, 587 from Wright subsidiaries, and only 13 from all other engine manufacturers together. Since the Aircraft Act of 1926 the Navy obtained 2,149 engines from Pratt & Whitney, 971 from Wright, 2 from Wright subsidiaries, and 36 from all others. Most of the airplanes have been secured from six companies, most of which companies head up directly through the above-named holding corporations or have direct or indirect connections with them.

Mr. Fleet, of the Consolidated Aircraft Corporation, testified that 50 planes had been sold to the Army at $1 each, because of excessive profits earned under an Army contract which was let without competition. Because of existing contractural provisions existing between the Army and Navy each branch should receive the benefit in price given the other, and it, therefore, seems that the Navy Department should have received the same concession made the Army, since the Navy was buying similar planes from them at that time. The 50 planes delivered to the Army at $1 each were valued at $6,000 each, or $300,000, and according to the company's records this concern still had a profit of 25 percent after delivering the planes.

We cannot tell from the testimony in the record whether or not there are conflicts in the prices charged our Government for warplanes and warplane engines as compared to prices charged foreign governments for the same equipment. As I remember the testimony, there is no accurate information in the record telling us just exactly the charges made between the different governments for this kind of aircraft equipment and just exactly the kind and character of aircraft equipment furnished the different governments for the prices quoted. We, therefore, cannot definitely tell from the record in its present condition whether or not there has been any collusion between manufacturers with respect to Government contracts.

FOURTH PROPOSITION

"To ascertain whether the method of development and procurement can be improved."

The majority report finds: "That the policy pursued by the Navy Department since the adoption of the Aircraft Procurement Act of 1926 is a practical and prudent one and should be followed until a better plan is proposed."

CONGRESSIONAL INTENT ON AIRCRAFT ACT OF 1926

The Aircraft Act of 1926 was perfected after extensive hearings and investigations by a committee appointed for that purpose, and after a thorough discussion in Congress as shown by the RECORD in the passage of the bill. In the enactment of this legislation the intent of Congress was clearly shown by the speeches made when the measure was passed, that it was the clear intention of Congress to have open competitive bidding by advertisements in at least three of the leading aeronautical journals.

In adopting the free conference report on the Aircraft Act of 1926, on page 12259 of the RECORD, Sixty-ninth Congress, first session, Mr. MCSWAIN said:

"Mr. MCSWAIN. Rather than eliminate publicity, rather than cut out competition and bidding, as was the recommendation of the Lampert and Morrow committees, we have not doubled it merely but we have multiplied it by at least 10, so that now the light is to be turned on from every angle. It is true that there is discretion in the Secretary to decide which is the lowest responsible bidder, which one can best build the aircraft for the safety of the lives of the men who are to fly them in time of peace and time of war.

"Mr. GRIFFIN. But you eliminated that.

"Mr. MCSWAIN. The discretion still rests with the Secretary of War to decide that question and there is publicity from the very first proposition of inviting competition in the matter of design contest, competition in the building and construction contract, and there is light turned on in this."

But the fundamental defect in the law was and is, that the independent agency of Congress, the General Accounting Office, was not only denied the authority to see that this intention was carried out but was actually and specifically, by the language of the act, denied this authority by making the decisions of the Secretary of War and the Secretary of the Navy final and conclusive (sec. 10 (t)). In the procurement of new designs in aircraft or aircraft parts or aeronautical accessories, as clearly defined under sections 10 (A) to (E) of said act, the principal dispute that has arisen concerning the construction of this act is paragraph K of section 10 of the act, reading as follows:

"The Secretary of War or the Secretary of the Navy may at his discretion purchase abroad or in the United States with or without competition, by contract, or otherwise, such designs, aircraft, aircraft parts, or aeronautical accessories as may be necessary in his judgment for experimental purposes in the development of aircraft or aircraft parts or aeronautical accessories of the best kind for the Army or the Navy, as the case may be, and if as a result of such procurement, new and suitable designs considered to be the best kind for the Army or the Navy are developed, he may enter into contract, subject to the requirements of paragraph (j) of this section, for the procurement in quantity of such aircraft, aircraft parts, or aeronautical accessories without regard to the provisions of paragraphs (a) to (e), inclusive, hereof."

DECISIONS OF JUDGE ADVOCATE GENERAL OF NAVY CONSTRUING AIRCRAFT ACT OF 1926, REQUIRING COMPETITION

I requested Rear Admiral O. G. Murfin, Judge Advocate General of the Navy, on March 5, 1934, to furnish me with a copy of the opinions of his Department construing section 10 of the Aircraft Act and every opinion rendered by the Judge Advocate General's Department in construing section 10 (K) is in substance as follows:

JANUARY 21, 1931.

From: The Judge Advocate General.
To: Secretary of the Navy.
Subject: Procurement policy under section 10, paragraph (k) of the act of July 2, 1926.

1. The Chief of the Bureau of Aeronautics in the basic letter requests that the Secretary of the Navy authorize the procurement of aircraft, aircraft parts, or aeronautical accessories under section 10, subsection (k) of the act approved July 2, 1926 (44 Stat. 787) when, in the opinion of the Navy Department, such procurement is in the best interests of the Government. The Bureau proposes, in the event of approval of its request, to recommend production orders under the said subsection (k):

(1) When the experimental article has demonstrated superior characteristics of design or performance over existing types and the Bureau believes the military value warrants a production order, and

(2) When the negotiated price for the production order is considered fair and reasonable.

2. The said subsection (k) of section 10, quoted below, is divided into two parts, (a) and (b), for convenience in identifying them in subsequent references:

(a) "The Secretary of War or the Secretary of the Navy may at his discretion purchase abroad or in the United States with or without competition, by contract or otherwise, such designs, aircraft, aircraft parts, or aeronautical accessories as may be necessary in his judgment for experimental purposes in the development of aircraft or aircraft parts or aeronautical accessories of the best kind for the Army or the Navy, as the case may be, and

(b) "If as a result of such procurement, new and suitable designs considered to be the best kind for the Army or the Navy are developed, he may enter into contract, subject to the requirements of paragraph (j) of this section, for the procurement in quantity of such aircraft, aircraft parts, or aeronautical accessories without regard to the provisions of paragraphs (a) to (e), inclusive, hereof."

3. With reference to (a) above, it will be noted that the Secretary of the Navy has discretionary authority, thereunder to purchase "abroad or in the United States, with or without competition, by contract or otherwise", such aircraft as may be necessary in his judgment for experimental purposes in the development of aircraft of the best kind for the Navy. Under this part of subsection (k) if the Secretary of the Navy shall determine administratively that further experiments with this type of plane are necessary in the development of aircraft of the best kind for the Navy, additional planes may be purchased of domestic manufacturers for experimentation under the same conditions as the first plane, namely, "with or without competition, by contract or otherwise." The War Department under this part of subsection (k) has purchased without competition from the company furnishing the experimental airplane, 2 and 3 additional planes for further experimental purposes and in one instance 15 additional planes for issue to the various training stations for further experimentation.

4. With reference to (b) of subsection (k) above, the question of the scope of this paragraph as permitting or not permitting the purchase of additional planes on a quantity basis, without competition, has been the subject of divergent views ever since its enactment, the Air Services of both the Army and Navy contending for an interpretation that would permit the purchase without competition of additional airplanes from the designer whose plane originally obtained for experimental use has proved satisfactory for service use, and the legal officers of the two departments uniformly holding that competition was necessary unless the additional planes were for further experimentation.

5. A chronological statement from the official record in this connection is given below:

Under date of December 4, 1926, the Assistant Secretary of the Navy for Aeronautics, in reference (a), after referring to the fact that the legal authorities of the Army and Navy were then in substantial agreement on the interpretation of paragraph (k), gave his interpretation of this paragraph that would permit purchase on a quantity basis without competition in the same manner as the procurement of the original experimental plane after the latter had demonstrated on tests its satisfactoriness for service use.

6. Under date of December 11, 1926, the Judge Advocate General, in reference (b), after reviewing the effect of the various sections of the Aircraft Procurement Act, held that "procurement in quantity in accordance with a design purchased under paragraph (k), whether subsequently altered or not, must be accomplished in pursuance of existing law relating to the purchase of naval supplies, and the proposals received for production in accordance with such a design must be accompanied by written guarantees, and the contracts by bonds." Owing to the fact that at the time there was no case pending requiring a decision, the Secretary of the Navy did not act upon this opinion.

7. Under date of February 12, 1927, the Judge Advocate General, in reference (c), stated that "on a consideration of subsection (k) both as a unit and as divisible into two parts, I am of the opinion that it lacks the express terms that are requisite to a grant of power to award the quantity-production contracts contemplated by the second part of the subsection until the matter shall have been subjected to competition, and that such power cannot be derived by inference from the language actually used in the subsection."

8. Under date of February 5, 1927, the Solicitor of the Navy Department, in reference (f), commenting upon reference (e), stated that—

"The privilege to award contracts without competition must be given in express terms to effect the repeal or waiver of the express terms used in the statutes that require such competition. Otherwise the privilege is not granted. The discretionary power granted by the first part of (k) plainly relates directly to purchases for experimentation, and unless there is express intention or indisputable inference that such discretion shall apply to some other official duty, it can be applied only to the one it plainly designates. Clearly enough it seems such discretionary power is not by express language directly applied in (k) to the awarding of the contemplated quantity-production contracts. Hence its application to the making of such contracts must be by inference if it is to be found in the provision."

9. Under date of December 13, 1927, the Assistant Secretary of the Navy for Aeronautics, in reference (g), requested the Judge Advocate General to make a study of a proposed revision of subsection (k), for submission to the Congress, that would permit the buying of aircraft in quantity without competition.

10. Under date of December 16, 1927, the Judge Advocate General, in reference (h), submitted to the Assistant Secretary of the Navy for Aeronautics a revision of this subsection (k) that he considered would confer upon the Secretary of the Navy the desired authority.

11. Under date of January 12, 1928, the Secretary of the Navy, by reference (i), submitted to the Speaker of the House of Representatives the revised draft of section (k) prepared by the Judge Advocate General, with a recommendation that it be enacted into law.

12. This proposed legislation, introduced January 16, 1928, by the Honorable CARL VINSON (H.R. 9359), was referred to the Committee on Military Affairs. This bill was not reported out of the committee.

13. The Judge Advocate General of the Army, under date of May 17, 1929, with the approval of the Assistant Secretary of War, held that the quantity production contemplated under subsection (k) must be obtained as a result of advertising pursuant to Revised Statutes 3709, and under date of August 3, 1929, held with

the approval of the Secretary of War that he was "constrained to adhere to the opinion expressed in the opinion addressed to you under date of May 17, 1929, that quantity procurement authorized in the later portion of paragraph (k), section 10, of the act of July 2, 1926 (44 Stat. 787), must be made after advertising pursuant to section 3709, Revised Statutes."

14. In conclusion this office is of the opinion that:

(a) The Secretary of the Navy has full authority to purchase planes abroad or in the United States, with or without competition, by contract or otherwise, as may be necessary in his judgment for experimental purposes in the development of aircraft of the best kind for the Navy, and that this authority includes the right to acquire additional planes for further experimental purposes under the same conditions as the original planes upon an administrative determination, by the Secretary of the Navy, that the additional planes are needed for further experimental use.

(b) While recognizing the equitable considerations that prompt the recommendation in the basic letter, this office is constrained to adhere to the opinion rendered in its endorsement of February 12, 1927, that secton (k) lacks the express terms that are requisite to a grant of power to award the quantity production contract until the matter shall have been subjected to competition, and that such power cannot be derived by inference from the language actually used in the subsection.

(c) The only manner in which the authority to make such further purchases, without competition, of additional planes, for other than experimental use, as recommended by the Bureau of Aeronautics, can be legally affected is through the enactment of legislation in the form of H.R. 9359, referred to in paragraph 12 above.

D. F. SELLERS.

SECRETARY OF NAVY WILBUR REQUESTS LAW BE CHANGED ELIMINATING COMPETITION

Secretary Wilbur requested Congress to enact the following bill:

H.R. 9359, Seventieth Congress (1928) first session, reads as follows:

"A bill to amend section 10 of an act entitled "An act to provide more effectively for the national defense by increasing the efficiency of the Air Corps of the Army of the United States, and for other purposes", approved July 2, 1926

"*Be it enacted, etc.*, That paragraph (K) of section 10 of the act approved July 2, 1926 (44 Stat.L., p. 787), is hereby amended to read as follows:

"(K) The Secretary of War or the Secretary of the Navy may at his discretion purchase abroad or in the United States with or without competition by contract, or otherwise, such designs, aircraft, aircraft parts, or aeronautical accessories as may be necessary in his judgment for experimental purposes in the development of aircraft or aircraft parts or aeronautical accessories of the best kind for the Army or the Navy, as the case may be, and if as a result of such procurement, new and suitable designs considered to be the best kind for the Army or the Navy are developed, he may, at his discretion, with or without a competition, enter into contract, subject to the requirements of paragraph (J) of this section, for the procurement in quantity of such aircraft, aircraft parts, or aeronautical accessories without regard to the provisions of paragraphs (a) to (e), inclusive, hereof."

Thus it will be seen that the Navy Department recognizes, by asking that the above section be amended and by the unbroken line of decisions of the Judge Advocate General of the Navy from the enactment of this act in 1926 to date, that they did not and do not have the right to procure aircraft, aircraft parts, or accessories, under section 10(k), without open competitive bidding, and as shown by the following letter of Hon. H. L. Roosevelt, Acting Secretary of the Navy:

MARCH 12, 1934.

MY DEAR MR. MCFARLANE: Referring to our telephonic conversation this morning, you are informed that the papers transmitted to you by the Judge Advocate General's letter of March 5, 1934, are to be regarded as indicating the views entertained by the Navy Department at this time respecting the interpretation of section 10 of the Aircraft Procurement Act approved July 2, 1926, inasmuch as the opinions which they expressed or which are deducible therefrom have not since been modified by this Department or by higher legal authority of the Government.

Sincerely yours,

H. L. ROOSEVELT,
Acting Secretary of the Navy.

The officers in charge of the administrative positions of the Navy since July 2, 1926, are as follows:

Mr. Curtis D. Wilbur, Secretary of Navy, March 19, 1924, to March 4, 1929.

Mr. Edward P. Warner, Assistant Secretary of Navy for Aeronautics, July 10, 1926, to March 15, 1929.

Mr. Charles Francis Adams, Secretary of Navy, March 5, 1929, to March 4, 1933.

Mr. David S. Ingalls, Assistant Secretary of Navy for Aeronautics, March 16, 1929, to June 1, 1932.

Mr. Claude A. Swanson, Secretary of Navy, March 4, 1933 to date.

Mr. H. L. Roosevelt, Assistant Secretary of Navy, March 4, 1933, to date.

However, the opinions of the Judge Advocate General of the Navy are only advisory and have no controlling effect on the Secretary of the Navy and his subordinates. Had this 1926 act not departed from the procedure existing for more than a century and taken away from the Comptroller General the jurisdiction to review these aircraft contracts, he would have rendered decisions in these matters and such decisions would have been the controlling factor of these contracts. Possibly this investigation would not have been necessary.

I attach hereto complete statement of airplanes, engines, and accessories purchased by the Navy Department under this act as shown by the contracts on file in the Comptroller General's Office, which accurately show the method of procurement by the Navy of its different classes of aircraft equipment and these figures and classifications do not agree with the Navy Department figures as inserted in the hearings.

NAVY CONTRACTS ON FILE IN COMPTROLLER'S OFFICE SHOWING METHOD OF PROCUREMENT OF AIRCRAFT

Explanation of the abbreviations shown on the attached list under "Advertising" are as follows, and refer to the respective sections of the act of July 2, 1926:

10 (k) No competition; purchases made without competition.

10 (q) No competition; purchases made of proprietary or patented articles.

10 (t) Purchases of aircraft authorized to be made from the lowest responsible dealer.

ALLISON ENGINEERING CO.

Contract no.	Date	Advertising	Number	Total amount
W 535 ac 5592	Dec. 22, 1932	Sec. 10 (k)	1 engine and parts	$38, 237. 32
W 535 ac 6192	Aug. 16, 1933	do	1 engine plans, etc	25, 000. 00

AMPHIBIANS, INC.

Contract no.	Date	Advertising	Number	Total amount
Cc 1262	June 30, 1931	12	1 plane	$3, 687. 00

BELLANCA AIRCRAFT CORPORATION

Contract no.	Date	Advertising	Number	Total amount
Cc 1292	July 13, 1931	14	2 engines	$4, 000. 00
Cc 1293	do	13	2 planes	14, 574. 00
Cs 1335	Sept. 1, 1931	None	1 plane and equipment	22, 325. 48
Cc 1763	Apr. 7, 1933	12	1 airplane	11, 485. 00
22258	June 1, 1931	Sec. 10 (k)	1 airplane and drawings	15, 700. 00
24194	Oct. 19, 1931	do	1 plane	89, 156. 35
25255	Jan. 18, 1932	do	1 airplane and drawings	16, 581. 00
28993	Oct. 31, 1932	do	do	17, 913. 00
W 535 ac 5128	May 28, 1932	None	4 airplanes and parts	114, 507. 54

B/J AIRCRAFT CORPORATION

Contract no.	Date	Advertising	Number	Total amount
22856	June 30, 1931	Sec. 10 (k)	1 plane, Info. etc	$80, 000. 00
24280	Oct. 26, 1931	do	18 planes	50, 287. 29
27652	June 30, 1932	do	1 plane	98, 934. 50
31426	May 15, 1933	Sec. 10 (q)	9 planes, spare parts, etc	188, 350. 21
W 535 ac 4197	Apr. 30, 1931	Sec. 10 (k)	10 planes, spare parts, etc	181, 168. 84

BOEING AIRPLANE CO.

Contract no.	Date	Advertising	Number	Total amount
Cc 613	May 24, 1929	7	1 airplane	$13,500.00
1581	Nov. 27, 1926	Sec. 10 (k)	1 airplane and parts	32,250.00
2785	Mar. 3, 1927	Sec. 10 (q)	32 airplanes and parts	516,997.91
4222	June 30, 1927	do	do	1,392,848.65
17424	May 10, 1930	Sec. 10 (k)	1 airplane and drawings	50,000.00
17534	June 2, 1930	Sec. 10 (q)	27 airplanes and parts	626,557.31
21737	Apr. 23, 1931	do	30 planes, spares, data, etc	653,029.27
22880	June 30, 1931	Sec. 10 (k)	1 plane, data, etc	82,151.62
28115	Aug. 15, 1932	Sec. 10 (q)	38 planes, parts, etc	517,559.24
30794	Mar. 20, 1933	Sec. 10 (k)	1 airplane	18,000.00
Wac 10	Sept. 20, 1926	Prop	25 airplanes and parts	334,592.25
W 535 ac 1146	Jan. 27, 1928	None	1 airplane and parts	15,314.40
W 535 ac 1334	May 29, 1928	Sec. 10 (k)	do	45,376.80
W 535 ac 1872	Nov. 7, 1928	None	10 airplanes and parts	153,742.62
W 535 ac 2419	June 10, 1929	do	90 airplanes and parts	1,111,771.70
W 535 ac 3123	June 2, 1930	do	131 airplanes and parts	1,553,593.84
W 535 ac 3978	Mar. 3, 1931	do	138 airplanes and parts	1,560,407.04
W 535 ac 4537	Aug. 14, 1931	Sec. 10 (k)	7 airplanes and parts	730,730.57
W 535 ac 5200	June 15, 1932	do	3 airplanes and parts	116,650.96
W 535 ac 5642	Jan. 11, 1933	Open market	136 airplanes and parts	1,414,207.87

CHANCE-VOUGHT CORPORATION

Contract no.	Date	Advertising	Number	Total amount
3375	Apr. 20, 1927	Sec. 10 (q)	33 airplanes	$643,605.30
4341	June 30, 1927	Sec. 10 (k)	1 airplane	50,000.00
4358	do	Sec. 10 (q)	20 airplanes and parts	933,615.69
6287	Feb. 13, 1928	do	37 airplanes and parts	727,015.22
10174	Nov. 19, 1928	do	do	1,944,240.19
15538	Jan. 18, 1930	do	36 airplanes and parts	719,504.65
17405	May 13, 1930	Sec. 10 (k)	1 airplane and parts	76,000.00
21108	Mar. 2, 1931	Sec. 10 (q)	25 airplanes spare parts	601,569.83
24144	Oct. 17, 1931	do	15 airplane parts, etc	286,072.18
24198	Oct. 19, 1931	do	65 airplane parts, etc	1,169,106.40
24224	do	None	28 airplane parts, etc	624,602.47
27659	June 30, 1932	Sec. 10 (k)	1 airplane, drawings, etc	80,586.20
31062	Apr. 13, 1933	Sec. 10 (q)	20 airplane spares, etc	326,000.00
31130	Apr. 22, 1933	Sec. 10 (k)	1 airplane, parts	109,531.73
32085	June 30, 1933	Sec. 10 (q)	20 airplane parts, etc	317,940.16
W 535 ac 2320	Apr. 30, 1929	Open market	1 airplane and parts	13,100.00

CONSOLIDATED AIRCRAFT CORPORATION

Contract no.	Date	Advertising	Number	Total amount
21581	Apr. 9, 1931	Sec. 10 (k)	1 plane, data, drawings	$107,990.16
22960	July 15, 1931	Sec. 10 (t)	23 planes, 23 gears (landing spares, miscellaneous)	1,726,249.36
27409	June 22, 1932	Sec. 10 (k)	1 plane	97,636.83
34144	Dec. 27, 1932	None	21 planes and parts	1,799,500.00
W 535 ac 4625	Sept. 22, 1931	Sec. 10 (k)	37 airplanes and parts	249,809.54
W 535 ac 4998	Mar. 19, 1932	do	4 airplanes and parts	154,155.94
W 535 ac 5732	Feb. 27, 1933	do	10 airplanes	615,863.60

CONTINENTAL AIRCRAFT ENGINE CO.

Contract no.	Date	Advertising	Number	Total amount
24319	Oct. 28, 1931	Sec. 10 (k)	1 engine, tests, etc	$23,000.00
Word 177	July 17, 1933	do	1 engine, experimental	6,999.92
Word 179	Aug. 18, 1933	do	do	3,740.00

CURTISS AIRPLANE & MOTOR CO., INC.

Contract no.	Date	Advertising	Number	Total amount
Wac 2	Aug. 17, 1926	None	100 engines	$800,000.00
Wac 3	do	None	25 airplanes	290,000.00
Wac 53	Oct. 14, 1926	None	40 airplanes	508,930.50
W 535 ac 633	May 3, 1927	5	75 airplanes	667,112.00
W 535 ac 637	Feb. 28, 1927	5	90 airplanes and spares	1,215,110.00
W 535 ac 652	Apr. 30, 1927	None	5 airplanes and spares	91,000.00
W 535 ac 674	June 18, 1927	None	5 engines	81,760.00
W 535 ac 716	July 30, 1927	None	1 airplane and parts	370,990.90
W 535 ac 750	Aug. 24, 1927	None	36 airplanes and parts	557,505.25
W 535 ac 944	Dec. 12, 1927	None	5 airplanes and parts	57,625.00
W 535 ac 950	do	53	1 airplane and parts	17,500.00
W 535 ac 951	Dec. 28, 1927	None	21 airplanes and parts	314,055.83
W 535 ac 1266	Apr. 7, 1928	Sec. 10 (k)	8 airplanes and parts	165,300.00
W 535 ac 1332	June 21, 1928	Sec. 10 (q)	12 airplanes and parts	1,050,473.62
W 535 ac 1333	June 14, 1928	Sec. 10 (k)	1 airplane and parts	50,000.00
W 535 ac 1362	June 25, 1928	Sec. 10 (q)	140 engines	1,103,123.22
W 535 ac 1447	June 19, 1928	do	48 engines 43 airplanes	1,107,323.76
W 535 ac 1550	June 25, 1928	None	1 engine	3,500.00
W 535 ac 1697	Oct. 3, 1928	None	37 airplanes	552,099.00
W 535 ac 2298	June 6, 1929	None	69 airplanes	933,038.67
W 535 ac 2673	Oct. 3, 1929	Sec. 10 (q)	72 engines	727,896.16
W 535 ac 3005	Mar. 17, 1930	do	100 engines	666,280.00
W 535 ac 3003	Feb. 28, 1930	Sec. 10 (k)	50 airplanes and parts	710,225.43
W 535 ac 3088	May 12, 1930	do	1 airplane and drawings	69,300.00
W 535 ac 3301	June 12, 1930	Sec. 10 (q)	40 engines and spares	245,460.01
W 535 ac 3315	do	do	119 engines and parts	1,019,119.62
W 535 ac 3825	Jan. 6, 1931	do	30 airplanes and spares	367,993.33
W 535 ac 4136	May 1, 1931	do	10 airplanes	167,463.00
W 535 ac 4603	Sept. 19, 1931	Sec. 10 (k)	13 airplanes and spares	427,615.00
W 535 ac 4599	do	do	1 airplane and spares	100,347.12
W 535 ac 5258	June 24, 1932	do	5 airplanes and spares	231,758.81
W 535 ac 5711	Feb. 21, 1933	do	1 airplane and spares	40,000.00
W 535 ac 5733	Feb. 27, 1933	do	46 airplanes and spares	946,791.84

CURTISS-WRIGHT AIRPLANE CO.

Contract no.	Date	Advertising	Number	Total amount
W 535 ac 5927	May 12, 1933	Sec. 10 (k)	2 airplanes and plans	$111,000.00

CURTISS WRIGHT FLYING SERVICE

Contract no.	Date	Advertising	Number	Total amount
Cc 1311	July 29, 1931	14	1 airplane	$2,500.00

DETROIT AIRCRAFT CORPORATION (RECEIVER, PETER R. BEAGLEY & DETROIT TRUST CO.)

Contract no.	Date	Advertising	Number	Total amount
17998	July 2, 1930	Newspaper advertising	32 engines	$855, 185. 63
23618	Sept. 9, 1931	Sec. 10 (k)	1 engine and drawings	21, 850. 00
W 535 ac 3533	Aug. 13, 1930	do	1 airplane and drawings	16, 499. 54
W 535 ac 4445	July 6, 1931	do	1 airplane	24, 800. 00
W 535 ac 4536	Aug. 17, 1931	do	5 airplanes and parts	166, 332. 00
W 535 ac 4539	Sept. 23, 1931	do	do	80, 157. 60
W 535 ac 4693	Nov. 4, 1931	do	1 airplane	13, 840. 00
FLEET AIRCRAFT, INC.				
Cc 1254	June 25, 1931	14	2 airplanes	$7, 000. 00
Cc 1283	do	14	do	2, 000. 00
16684	Mar. 17, 1930	Sec. 10 (k)	6 airplanes and parts	35, 535. 06
W 535 ac 2462	June 13, 1929	None	1 airplane	4, 400. 00
W 535 ac 3069	Apr. 2, 1930	Sec. 10 (k)	15 airplanes and parts	73, 024. 84
FOKKER AIRCRAFT CORPORATION OF AMERICA (GENERAL AVIATION)				
W 535 ac 2210	Mar. 1, 1929	Sec. 10 (k)	1 airplane and parts	$65, 577. 25
W 535 ac 2288	May 29, 1929	Sec. 10 (q)	6 airplanes and parts	265, 306. 70
W 535 ac 2413	June 7, 1929	Sec. 10 (k)	2 airplanes and drawing	70, 841. 95
W 535 ac 2910	Dec. 23, 1929	8	1 plane and parts	41, 868. 99
W 535 ac 3465	July 11, 1930	Sec. 10 (k)	20 airplanes and parts	468, 963. 30
W 535 ac 4035	Mar. 30, 1931	do	6 airplanes and parts	271, 781. 65
W 535 ac 4153	May 5, 1931	do	do	215, 337. 43
W 535 ac 4928	Feb. 12, 1932	do	1 airplane and parts	15, 000. 00
17890	June 24, 1930	None	do	50, 854. 64
19875	Dec. 1, 1930	do	do	1, 184. 00
Teg 16569	June 3, 1932	3 dealers	2 engines	7, 930. 00
FORD MOTOR CO.				
Cc 1151	Apr. 17, 1931	17 bids	1 airplane and parts	$31, 000. 00
19540	Oct. 28, 1930	Proprietary	do	54, 443. 86
24609	Nov. 17, 1931	do	2 airplanes and parts	81, 121. 61
GREAT LAKES AIRCRAFT CORPORATION				
22842	June 30, 1931	Sec. 10 (k)	1 airplane, data, drawings, etc	$73, 534. 77
27287	June 13, 1932	do	1 airplane, information, etc	128, 630. 18
GROVER LOENING CO.				
22855	June 30, 1931	Sec. 10 (k)	1 airplane, data, etc	$75, 165. 04
27157	June 6, 1932	do	Conversion of airplane	18, 934. 00
29350	Nov. 30, 1932	do	1 airplane, information, etc	95, 137. 00
GRUMANN AIRCRAFT ENGINEERING CORPORATION				
21520	Apr. 2, 1931	Sec. 10 (k)	1 airplane and parts	$127, 621. 95
27654	June 30, 1932	do	Services and materials	709, 140. 42
29025	Nov. 2, 1932	do	1 plane, information, etc	94, 500. 00
32111	June 30, 1933	Sec. 10 (q)	22 planes, parts, designs, etc	593, 450. 18
33773	Dec. 4, 1933	None	34 planes and parts	687, 260. 37
HALL ALUMINUM AIRCRAFT CORPORATION				
6272	Feb. 24, 1928	None	1 airplane and parts	$140, 052. 90
6538	Jan. 25, 1928	Sec. 10 (k)	do	73, 938. 47
17695	June 10, 1930	None	do	747, 131. 17
18017	June 30, 1930	Sec. 10 (k)	do	237, 771. 00
LYCOMING MANUFACTURING CO.				
W 535 ac 5559	Dec. 1, 1932	Sec. 10 (k)	8 engines and parts	$26, 542. 74
NORTHROP CORPORATION				
31282	May 8, 1933	Sec. 10 (k)	1 airplane and parts	$85, 186. 80
PRATT & WHITNEY AIRCRAFT CO.				
Cc 370	May 29, 1928	7	1 engine	$7, 866. 15
Cc 919	June 7, 1930	10	2 engines	7, 305. 65
Cc 961	June 24, 1930	9	1 engine	5, 568. 37
Cc 1748	Mar. 14, 1933	8	do	4, 821. 00
910	Oct. 5, 1926	Sec. 10 (q)	200 engines and parts	2, 312, 101. 06
1645	Jan. 18, 1927	Sec. 10 (k)	5 engines and blueprints	105, 042. 48
3712	July 11, 1927	do	2 engines	35, 900. 00
3994	Aug. 4, 1927	Sec. 10 (q)	39 engines	380, 275. 10
4375	June 31, 1927	Cir. to dealers	81 engines	992, 273. 00
5602	Nov. 7, 1927	Sec. 10 (q)	90 engines	3, 177, 810. 50
10245	Nov. 26, 1928	do	845 engines and parts	4, 097, 392. 23
11999	Apr. 22, 1929	Sec. 10 (k)	7 engines and parts	62, 514. 29
13011	June 29, 1929	None	36 engines and parts	286, 837. 09
13613	Aug. 19, 1929	Sec. 10 (k)	1 engine and parts	4, 010. 32
15291	Dec. 24, 1929	do	do	8, 347. 10
16397	Mar. 5, 1930	do	2 engines and parts	10, 823. 18
16448	Mar. 4, 1930	Sec. 10 (q)	112 engines and parts	739, 766. 40
17006	Apr. 10, 1930	None	1 engine	8, 514. 66
17456	May 19, 1930	Sec. 10 (k)	2 engines	12, 521. 60
17975	June 28, 1930	do	2 engines and parts	11, 217. 50
19114	Sept. 22, 1930	None	2 engines	13, 400. 38
19371	Oct. 9, 1930	Sec. 10 (q)	35 engines and parts	224, 028. 43
20552	Jan. 20, 1931	None	10 engines and parts	77, 628. 09

PRATT & WHITNEY AIRCRAFT CO.—continued

Contract no.	Date	Advertising	Number	Total amount
20597	Jan. 21, 1931	Sec. 10 (q)	4 engines and parts	$27,940.98
21711	Apr. 20, 1931	do	2 engines	10,796.20
21776	Apr. 21, 1931	do	20 engines and parts	140,095.00
21777	Apr. 27, 1931	do	51 engines and parts	352,257.15
22529	June 16, 1931	do	45 engines and parts	284,542.62
23C89	Apr. 20, 1931	do	21 engines and parts	157,620.49
W 535 ac 643	May 12, 1927	None	5 engines	51,565.00
W 535 ac 664	June 21, 1927	Sec. 10 (k)	3 engines $17,250 2 engines $9,460 and spares	70,620.00
W 535 ac 683	June 22, 1927	do	15 engines $7,760 5 engines $7,470 and spares	172,190.89
W 535 ac 1907	Oct. 24, 1928	Sec. 10 (q)	20 engines $6,115.80 and spares	142,197.91
W 535 ac 2095	Jan. 1, 1929	do	6 engines $5,973.97 19 engines at $6,181.97 and spares	126,873.17
W 535 ac 2447	June 21, 1929	do	30 engines at $6,061.97 150 engines at $5,361.97 and spares	1,135,667.04
W 535 ac 2646	Aug. 27, 1929	do	80 engines at $5,353.06 and spares	522,745.19
W 535 ac 2727	Sept. 28, 1929	do	41 engines at $5,353.06 19 engines at $5,361.97 and spares	690,972.13
W 535 ac 2975	Jan. 22, 1930	do	12 engines and parts	603,115.04
W 535 ac 3030	Mar. 18, 1930	do	252 engines and parts	1,452,372.82
W 535 ac 3172	May 7, 1930	do	40 engines and parts	233,804.26
W 535 ac 3259	June 11, 1930	do	684 engines and parts	3,823,855.04
W 535 ac 3308	May 26, 1930	Sec. 10 (k)	3 engines	11,826.30
W 535 ac 3501	Aug. 7, 1930	Sole mfg	1 engine	5,073.60
W 535 ac 3554	Aug. 14, 1930	Sec 10 (q)	24 engines and spares	134,265.90
W 535 ac 3769	Dec. 6, 1930	do	60 engines and spares	348,090.58
W 535 ac 3776	Dec. 8, 1930	do	52 engines and spares	308,884.81
W 535 ac 3997	Feb. 2, 1931	Open market	1 engine	5,602.32
W 535 ac 4054	Apr. 1, 1931	Sec. 10 (q)	202 engines and parts	1,123,614.24
W 535 ac 4462	July 15, 1931	Open market	1 engine and parts	3,983.91
W 535 ac 4505	Aug. 4, 1931	Sec. 10 (k)	100 engines and parts	303,690.46
W 535 ac 4706	Oct. 28, 1931	do	112 engines and parts	364,195.13
W 535 ac 4894	Feb. 1, 1932	Sec. 10 (q)	28 engines and parts	186,367.62
W 535 ac 5087	May 3, 1932	do	1 engine and parts	4,759.17
W 535 ac 5105	May 10, 1932	do	do	7,642.17
W 535 ac 5248	June 24, 1932	Sec. 10 (k)	3 engines and blueprints	33,821.25
W 535 ac 5281	June 27, 1932	Sec. 10 (q)	19 engines and spare parts	110,502.83
W 535 ac 5368	Aug. 26, 1932	do	2 engines and parts	15,182.86
W 535 ac 5507	Nov. 18, 1932	do	28 engines and parts	162,647.54
W 535 ac 5652	Feb. 4, 1933	Sec. 10 (k)	3 engines and parts	63,314.10
23380	Aug. 15, 1931	do	4 engines and parts	24,202.79
24225	Oct. 19, 1931	Sec. 10 (q)	50 engines and parts	322,491.55
24411	Nov. 4, 1931	do	26 engines and parts	163,467.72
24608	Nov. 17, 1931	do	46 engines and parts	310,197.45
24702	Nov. 28, 1931	do	52 engines and parts	341,764.87
24744	Dec. 7, 1931	do	27 engines and parts	147,941.67
24788	Nov. 30, 1931	do	5 engines and parts	33,158.70
25106	Jan. 5, 1932	Sec. 10 (k)	2 engines and parts	45,617.25
25107	Jan. 4, 1932	do	1 engine and parts	43,685.00
25419	Feb. 1, 1932	do	2 engines and parts	13,267.50
25469	Feb. 4, 1932	Sec. 10 (q)	6 engines and parts	36,504.34
26875	May 16, 1932	Sec. 10 (k)	10 engines and parts	113,236.70
27259	June 9, 1932	Sec. 10 (q)	78 engines and parts	696,274.48
27615	June 30, 1932	Sec. 10 (k)	1 engine and parts	15,000.00
28118	Aug. 9, 1932	do	3 engines and parts	70,050.00
28233	Aug. 23, 1932	Sec. 10 (q)	57 engines and parts	403,731.95
29578	Dec. 20, 1932	do	12 engines and parts	60,116.40
31111	Apr. 19, 1933	Sec. 10 (k)	2 engines and parts	28,972.66
31112	do	do	do	14,305.38
31281	May 3, 1933	do	1 engine and parts	20,549.61
31420	May 15, 1933	do	do	6,448.83
31464	do	do	4 engines and parts	44,472.26
31473	May 17, 1933	Open market	3 engines and parts	14,976.54
31683	June 3, 1933	Sec. 10 (q)	14 engines and parts	72,656.50
32110	June 30, 1933	do	30 engines and parts	188,671.38
32150	Aug. 16, 1933	do	35 engines and parts	482,159.36
34031	Dec. 23, 1933	None	59 engines and parts	790,240.89
N 156 s 5045	July 1, 1930	209	All parts	299,896.30
Tcg 19422	Sept. 15, 1932	3	2 engines and parts	11,174.98
Tcg 10422	May 15, 1933	3	do	9,913.96
Tcg 20424	do	3	do	9,882.46
W 535 ac 5695	Feb. 4, 1933	Sec. 10 (1)	255 engines and parts	1,251,962.01
W 535 ac 5709	Feb. 16, 1933	do	20 engines and parts	130,889.83
W 535 ac 5744	Feb. 28, 1933	Sec. 10 (k)	24 engines and parts	113,133.30
W 535 ac 5766	Feb. 7, 1933	Sec. 10 (q)	2 engines and blueprints	12,551.14
W 535 ac 5799	Mar. 29, 1933	do	1 engine and tools	11,609.37
W 535 ac 5841	May 1, 1933	do	44 engines and parts	313,620.10
W 535 ac 5944	May 26, 1933	do	132 engines and parts	833,394.80
		SIKORSKY AVIATION CORPORATION		
6487	Jan. 23, 1928	Sec. 10 (k)	1 airplane	$35,500.00
9783	Oct. 13, 1928	do	2 airplanes	72,000.00
17627	June 3, 1930	None	1 airplane and parts	91,830.00
19529	Nov. 3, 1930	Sec. 10 (t)	3 airplanes and parts	165,562.65
22268	June 1, 1931	None	2 airplanes and parts	80,000.00
22845	June 30, 1931	do	1 airplane and parts	83,332.50
24365	Nov. 4, 1931	do	do	30,000.00
W 535 ac 2286	May 23, 1929	Sec. 10 (k)	do	43,241.64
W 535 ac 3263	June 3, 1930	do	10 airplanes and parts	427,337.77
		STEARMAN AIRCRAFT CO.[1]		
Cc 414	July 25, 1928	11	2 airplanes	$19,500.00
Cc 418	Aug. 6, 1928	3	do	19,500.00
Cc 420	do	3	4 airplanes	39,000.00
Cc 537	Feb. 14, 1929	17	1 airplane	10,500.00
Cc 685	June 26, 1929	17	do	9,750.00
W 535 ac 3775	Dec. 4, 1930	Sec. 10 (k)	4 airplanes	26,828.40
W 535 ac 5370	Sept. 2, 1932	do	9 airplanes and data	51,275.17

[1] Dealers.

WRIGHT AERONAUTICAL CORPORATION

Contract no.	Date	Advertising	Number	Total amount
Als 5277	Sept. 6, 1930	5	1 motor	$3,885.00
Cc 208	May 26, 1927	6	3 engines	14,550.00
Cc 336	June 1, 1928	7	do	11,763.00
Cc 903	June 3, 1930	10	5 engines	14,670.00
Cc 1472	Apr. 8, 1932	7	2 engines	7,905.00
Cc 1495	May 17, 1932	9	3 engines	10,732.50
1194	Oct. 28, 1926	None	180 engines and spare parts	1,252,652.08
4376	June 30, 1927	Sec. 10 (q)	48 engines	579,883.51
6549	Jan. 25, 1928	None	100 engines and spares, etc	1,069,452.31
6856	Feb. 21, 1928	Sec. 10 (k)	1 engine and spare parts	4,150.07
10887	Jan. 28, 1929	do	3 engines	13,528.48
10888	do	do	3 engines and parts	8,284.24
11183	Mar. 4, 1929	Sec. 10 (q)	59 engines	301,561.35
11986	Apr. 18, 1929		15 engines, spares, etc	80,302.90
12384	May 25, 1929	None	3 engines	22,490.50
13021	June 29, 1929	Sec. 10 (k)	112 engines and spares, etc	1,008,639.92
14890	Nov. 21, 1929	do	50 engines and spare parts	216,564.55
16579	Mar. 10, 1930	do	72 engines and spare parts	540,697.88
16707	Mar. 24, 1930	do	1 engine	8,931.37
16727	Mar. 22, 1930	do	2 engines	41,940.04
18013	June 30, 1930	do	2 engines and tests, etc	72,233.83
21354	Mar. 21, 1931	None	1 engine and spare parts	54,082.74
22885	June 30, 1931	Sec. 10 (t)	69 engines, spares, drawings, etc	592,531.78
25220	Jan. 16, 1932	Sec. 10 (k)	9 engines, parts, etc	70,366.31
25482	Feb. 6, 1932	None	10 engines and spare parts	42,390.05
26699	Apr. 30, 1932	Sec. 10 (k)	4 engines, spares, etc	56,072.05
27122	June 2, 1932	do	10 engines, etc	117,941.45
27614	do	Sec. 10 (q)	42 engines	344,420.08
30697	Mar. 14, 1933	do	45 engines, parts, etc	352,942.36
31263	May 3, 1933	None	6 engines	27,276.86
31321	May 8, 1933	do	3 engines	20,452.67
31322	do	do	do	9,832.66
31686	June 3, 1933	Sec. 10 (k)	4 engines and parts	43,941.79
31796	June 18, 1933	Sec. 10 (q)	8 engines	47,245.03
33642	Nov. 20, 1933	None	60 planes and parts	478,186.35
33734	Nov. 28, 1933	do	46 engines and parts	334,293.85
W 535 ac 634	Mar. 21, 1927	Sec. 10 (q)	12 engines	75,048.35
W 535 ac 655	June 6, 1927	None	7 engines	30,943.64
W 535 ac 663	June 22, 1927	do	5 engines and parts	71,020.00
W 535 ac 665	do	Sec. 10 (q)	128 engines	1,606,715.37
W 535 ac 1471	June 9, 1928	Sec. 10 (k)	7 engines	140,639.90
W 535 ac 2019	Jan. 16, 1929	Sec. 10 (q)	139 engines and spare parts	559,573.59
W 535 ac 3193	Apr. 19, 1930	None	1 engine	5,082.69
W 535 ac 3320	June 4, 1930	do	128 engines and parts	796,054.80
W 535 ac 3752	Dec. 2, 1930	Sec. 10 (k)	16 engines	44,247.20
W 535 ac 3770	Mar. 3, 1931	Sec. (q)	6 engines and parts	39,036.81
W 535 ac 3801	Dec. 23, 1930	do	60 engines and parts	311,073.62
W 535 ac 3802	do	do	58 engines and parts	488,822.15
W 535 ac 4112	Apr. 8, 1931	None	1 engine	3,914.33
W 535 ac 4042	Mar. 19, 1931	do	do	4,611.50
W 535 ac 4121	May 4, 1931	No. Sec. 10 (q)	100 engines and parts	863,896.78
W 535 ac 4399	June 25, 1931	do	92 engines and parts	742,943.26
W 535 ac 4653	Oct. 15, 1931	do	32 engines and parts	154,733.70
W 535 ac 4711	Nov. 4, 1931	do	134 engines and parts	1,111,980.59
W 535 ac 5247	June 21, 1932	do	8 engines and parts	58,295.70
W 535 ac 5255	do	Sec. 10 (q)	1 engine	6,298.75
W 535 ac 5605	Jan. 11, 1933	do	3 engines and parts	23,030.18
W 535 ac 5627	Feb. 24, 1933	No. Sec. 10 (q)	64 engines and parts	568,320.00
W 535 ac 5632	Feb. 1, 1933	do	52 engines and parts	451,414.80
W 535 ac 5646	Jan. 9, 1933	do	2 engines and plans	15,085.00
W 535 ac 5738	Feb. 28, 1933	do	92 engines and parts	585,671.06

CURTISS AEROPLANE & MOTOR CO.

Contract no.	Date	Advertising	Number	Total amount
4251	Jan. 19, 1928	Special	3 airplanes and parts	$73,692.84
4276	June 30, 1927	do	1 engine and parts	11,700.00
4329	do	do	3 airplanes and spares	61,967.00
5727	Nov. 21, 1927	do	21 airplanes and parts	418,753.04
8793	June 23, 1928	Sec. 10 (t)	68 airplanes and parts	297,061.30
10745	Jan. 17, 1929	Sec. (k)	2 airplanes	6,800.00
12723	June 18, 1929	do	1 airplane	55,218.00
13002	June 29, 1929	Sec. 10 (q)	35 airplanes	688,329.58
16131	Feb. 15, 1930	do	9 airplanes and spares	118,386.56
17901	June 30, 1930	Sec. 10 (k)	1 airplane and spares	75,192.21
18055	do	Sec. 10 (q)	43 airplanes and spares	620,149.14
19057	Dec. 15, 1926	Special	31 airplanes and parts	489,495.27
19673	Nov. 6, 1930	do	1 airplane and parts	30,032.00
20359	Dec. 31, 1930	Sec. 10 (k)	3 airplanes and parts	87,299.00
20526	Jan. 15, 1931	None	1 engine	6,522.00
22572	June 18, 1931	do	30 airplanes and parts	48,734.70
24021	Oct. 12, 1931	Sec. 10 (k)	6 airplanes and parts	207,366.22
26480	Apr. 16, 1932	None	1 airplane and parts	42,550.25
26572	Apr. 22, 1932	Sec. 10 (k)	1 airplane and drawings	62,161.68
27648	June 30, 1932	do	1 airplane, etc	121,292.02
28847	Oct. 18, 1932	do	28 airplanes and parts	515,579.44
29095	Nov. 9, 1932	do	1 airplane and parts	35,667.92
29274	Nov. 23, 1932	do	do	124,780.00
31827	June 19, 1933	do	1 airplane, etc	113,445.00
31828	June 15, 1933	do	Wings, etc	27,680.00

DOUGLAS AIRCRAFT CO., INC.

Contract no.	Date	Advertising	Number	Total amount
17989	June 30, 1930	None	1 airplane and parts	$79,710.50
21441	Mar. 30, 1930	Sec. 10 (k)	do	53,834.00
27658	June 31, 1932	do	1 airplane drawing, etc	89,037.92
29527	Dec. 19, 1932	do	3 airplane parts, etc	131,222.57
31543	May 29, 1933	do	1 airplane drawing, etc	105,182.87
W 535 ac 2389	June 3, 1929	None	20 airplanes and parts	244,792.17
W 535 ac 2709	Sept. 25, 1929	Sec. 10 (q)	36 airplanes and parts	878,711.29
W 535 ac 2851	Mar. 26, 1930	Sec. 10 (k)	2 airplanes and data	91,243.00
W 535 ac 2951	Jan. 7, 1930	Sec. 9	1 airplane ($1 tech. data 3,200)	4,122.21
W 535 ac 2954	Jan. 8, 1930	Sec. 10 (k)	1 airplane	17,807.00
W 535 ac 3015	Feb. 19, 1930	Sec. 10 (q)	17 airplanes and parts	226,873.56
W 535 ac 3113	June 2, 1930	do	146 airplanes and parts	1,736,938.48
W 535 ac 3275	do	do	44 airplanes and parts	554,695.80
W 535 ac 3768	Dec. 9, 1930	do	30 airplanes and parts	569,125.87
W 535 ac 4051	Mar. 31, 1931	do	15 airplanes and parts	171,494.74

DOUGLAS AIRCRAFT CO., INC.—continued

Contract no.	Date	Advertising	Number	Total amount
W 535 ac 4099	Apr. 25, 1931	Sec. 10 (q)	30 airplanes and parts	$396, 599. 79
W 535 ac 4326	June 16, 1931	Sec. 10 (k)	6 airplanes and parts	175, 907. 64
W 535 ac 4460	July 31, 1931	do	8 airplanes and parts	298, 045. 21
W 535 ac 4534	Aug. 19, 1931	do	5 airplanes and parts	176, 434. 71
W 535 ac 4538	Aug. 22, 1931	do	12 airplanes and parts	435, 739. 80
W 535 ac 4553	do	Sec. 10 (q)	18 airplanes and parts	212, 189. 78
W 535 ac 4921	Feb. 22, 1932	None	2 airplanes and parts	80, 000. 00
W 535 ac 5100	May 26, 1932	Sec. 10 (k)	8 airplanes and parts	279, 948. 38
W 535 ac 5423	Oct. 4, 1932	Sec. 10 (q)	1 airplane and parts	16, 215. 00
W 535 ac 5446	Nov. 18, 1932	do	15 airplanes and parts	175, 908. 35
W 535 ac 5450	do	Sec. 10 (k)	1 airplane and data	185, 000. 00
W 535 ac 5743	Feb. 28, 1933	do	24 airplanes and parts	440, 304. 00
W 535 ac 5745	do	do	6 airplanes and parts	292, 013. 00
W 535 ac 5774	May 18, 1933	Sec. 10 (q)	8 airplanes, parts, etc	86, 120. 80
W 535 ac 5911	Aug. 3, 1933	do	22 airplanes and parts	249, 622. 45

GLENN L. MARTIN CO.

Contract no.	Date	Advertising	Number	Total amount
1739	Dec. 7, 1926	Sec. 10 (q)	1 airplane and parts	$2, 536. 85
2526	Feb. 7, 1926	None	do	2, 760. 33
4049	June 20, 1927	Sec. 10 (k)	do	65, 000. 00
4340	June 30, 1927	Sec. 15	54 airplanes and parts	2, 249, 236. 24
8778	June 30, 1928	Sec. 10 (k)	1 airplane and parts	80, 000. 00
12551	May 31, 1929	None		1, 017, 935. 35
12966	June 29, 1929	Sec. 10 (k)	1 airplane and parts	154, 929. 00
12976	do	do	do	85, 000. 00
12996	do	None	9 airplanes and parts	658, 459. 98
21342	Apr. 9, 1931	Sec. 10 (k)	12 airplanes, parts, data, etc	553, 320. 64
24145	Oct. 17, 1931	Sec. 10 (q)	16 airplanes, spares, etc	534, 662. 00
25704	Feb. 25, 1932	Sec. 10 (k)	1 airplane, data, etc	44, 636. 00
26229	Mar. 29, 1932	do	4 airplanes, parts, etc	100, 373. 69
W 535 ac 5220	June 14, 1932	do	1 airplane engine	3, 500. 00
W 535 ac 5665	Jan. 17, 1933	Sec. 10 (k)	49 airplanes and parts	2, 440, 605. 52

GOODYEAR ZEPPELIN CORPORATION

Contract no.	Date	Advertising	Number	Total amount
128	Oct. 6, 1928	Yes, newspaper	Airship ZRS-4	$5, 430, 420. 18
129	do	do	Airship ZRS-5	2, 363, 062. 41
13197	July 18, 1929	Sec. 10 (k)	2 airplanes	3, 770. 80
17919	June 28, 1930	do	do	4, 033. 46
W 535 ac 4703	Oct. 20, 1931	Sec. 9	1 airplane	9, 085. 20

According to the above charts the Army and Navy have purchased $110,000,000 of equipment; the Army has purchased $57,346,098, of which $3,336,634 was by competitive bidding, or 92 percent of their contracts during this period were let without competitive bids; the Navy purchased $53,026,614, of which $5,901,051 was purchased through competitive bids, or 91.3 percent of the Navy's aircraft equipment was purchased without competitive bids. The Aircraft Act of 1926 as enacted gives the War and Navy Departments special privileges not enjoyed by the other aeronautical branches of the Government, to wit: Coast Guard, Department of Commerce, and the National Advisory Committee for Aeronautics, and these two Departments according to the above record have openly and notoriously disregarded the plain letter of the law of Congress, the decisions of the Judge Advocate General of each Department, and have continued from the date the act became effective to the present time to knowingly, wantonly, and willfully violate the plain letter of the law in the procurement of their aircraft as shown by the above charts. The following article published by the Washington Post on March 12, 1934, is very pertinent and gives a clear picture of the situation, which article reads as follows:

NINETY-TWO PERCENT ARMY'S PLANES BOUGHT WITHOUT BIDS—MCCARL MOVES TO PLACE CURB ON SPENDING WITHOUT CHECK

Comptroller General McCarl is drafting an amendment to the act of July 2, 1926, whereby Army and Navy contracts for airplanes will be passed upon by the General Accounting Office, and the intent of the act, calling for competitive bidding, will be carried out.

The disclosure that more than 92 percent of all the Army's and Navy's aircraft purchases since passage of the act had been made through negotiated contracts with a few big companies caused the House Military Affairs Subcommittee on Aviation to request McCarl to draw up the amendment.

Less than 8 percent of the $110,000,000 spent by the two Services for airplanes and engines since 1926 was expended after competitive bidding, as the act intended, the Comptroller General advised the Rogers investigating committee.

FEW COMPETITIVE BIDS

Army expenditures for aircraft in the 7½ years totaled $57,346,098, with competitive contracts amounting to only $3,336,634.

Navy expenditures in that time were $53,026,614, with competitive contracts totaling $13,694,533.

However, the Navy's competitive total includes $7,793,482 spent for the dirigibles *Akron* and *Macon*, and it was generally agreed that, while bids were called for, only one company in the United States could build these ships.

From July 1926 through December 1933 the Army bought 4,245 engines and 1,857 planes. Only two of the engines were contracted for after proper competition, according to McCarl.

In the same period, the Navy bought 3,158 engines—103 as a result of competitive bidding—and 1,076 airplanes.

Armed with these figures and with a mass of testimony involving charges of an Air Trust the Rogers committee determined yesterday to learn why huge contracts were passed out to individual companies without competition.

Nearly all the engines bought by the Army and Navy, the Comptroller General's figures show, were obtained through negotiated contracts with the Pratt-Whitney Aircraft Co. and the Wright Aeronautical Corporation.

Of its 4,245 engines, the Army bought 2,492 from Pratt-Whitney, 1,153 from Wright, 587 from a Wright subsidiary, and only 13 from all other engine manufacturers.

The Navy obtained 2,149 from Pratt-Whitney, 971 from Wright, 2 from the Wright subsidiary, and 36 from all others.

SIX PLANE COMPANIES FAVORED

Most of the airplanes for the two Services came from six big companies, and witnesses before the Rogers committee have alleged these companies are connected, through stock ownership and interlocking directorates, with the two leading engine builders.

The Comptroller General's frequent protests against these negotiated contracts were answered by the War Department—chiefly by the Air Corps—with quotations from the law which says the General Accounting Office has no control over such contracts. This Office passes upon all other Government contracts and the Rogers committee intends to have the act of July 2, 1926, amended to bring aircraft procurement under the eye and supervision of Comptroller General McCarl.

In contrast to military and naval procurement methods, the Comptroller General's report to the committee pointed to Commerce Department purchases of aircraft over which McCarl has jurisdiction.

From July 1926 through December 1933, the Commerce Department spent $294,141 for airplanes and engines, and only $22,325—for one plane needed in an emergency—was expended through negotiation, the rest being bought after competitive bidding.

NAVY OFFICIALS AND COMPANIES SELLING EQUIPMENT WANT NO CHANGE IN PROCUREMENT LAW

All Navy and former Navy officials, as well as all those who testified for the companies selling the Navy equipment, expressed the opinion in substance that no changes should be made in the law as it is written, each and every one of whom knows or should have known that he had or was violating the provisions of said law, and in direct violation of an unbroken line of decisions of both the Judge Advocate Generals of the Navy and the Army since 1926 to date, in the procurment of aircraft, and that open competitive bidding as required under the provisions of the said law in the procurement of aircraft were not being complied with.

FIFTH PROPOSITION

Any other phases that may appear desirable to see that the Government is wholly protected.

I believe we are all vitally interested and want to know our position in the air. On March 6, I inserted in the CONGRESSIONAL

RECORD (pp. 3853-3862) charts prepared by Mr. Mackenzie-Kennedy, comparing the leading warplanes and warplane-engine performances of the world. I endorse the information contained in these charts as being the latest and best information we have on the comparisons made and the subject covered.

On March 21, I requested Dr. Albert F. Zahm, Chief of the Division of Aeronautics of the Library of Congress, to furnish me with a statement analyzing these charts. On March 24, I received the following reply from Dr. Albert F. Zahm:

LIBRARY OF CONGRESS,
DIVISION OF AERONAUTICS,
Washington, March 24, 1934.

Hon. W. D. MCFARLANE,
House Office Building, Washington, D.C.

DEAR MR. MCFARLANE: In reply to your inquiry of March 21, 1934, regarding the Mackenzie-Kennedy charts of the world's leading warplane engines and warplanes, I have pleasure in reporting as follows:

After several days' careful checking of the charts against information readily available in this division, we find substantial agreement in most of the items. In some cases where differences are to be accommodated, we are asking Major Mackenzie-Kennedy to cite his original sources so that we may compare them with our. The final result will be at your service. To make a complete check of these charts, however, we should have access to the unpublished aeronautic data of the United States war Services.

From my various conferences with Major Mackenzie-Kennedy, in the past 5 weeks, I realize that he has made careful use of extended and recent sources in order to ensure the exactness of his charts, along with their obvious convenience and utility. He does not seem to understate the case for America though indicating that her warplane engines are deficient in power, especially at combat altitudes.

Since the charts give at a glance vitally important information understandable by all our citizens, it seems desirable to have similar ones prepared yearly for the use of those agencies officially concerned with the national defense.

To that end one might recommend the appointment of a committee of Federal experts having access to all sources of aerotechnical information, whether open or confidential, to prepare at-a-glance charts accompanied with sufficient notes and references to make their verification easy. The National Advisory Committee for Aeronautics, for example, has a foreign agent constantly gathering such data, and has several subcommittees comprising Army, Navy, and other officers of the Government who jointly furnish information on technical questions.

On request of the Advisory Committee I have sent it photostats of the charts which Major Mackenzie-Kennedy, on my solicitation, has kindly presented to this Library with permission to duplicate for the benefit of other branches of the Government.

Very truly yours,

A. F. ZAHM, *Chief Division of Aeronautics.*

In the above letter you will note that Dr. Zahm states: "From my various conferences with Major Mackenzie-Kennedy, in the past 5 weeks, I realize that he has made careful use of extended and recent sources in order to ensure the exactness of his charts, along with their obvious convenience and utility. He does not seem to understate the case for America though indicating that her warplane engines are deficient in power, especially at combat altitudes."

This statement of Dr. Zahm after careful investigation is worthy of serious consideration. It must be borne in mind that Dr. Zahm, as Chief of the Division of Aeronautics of the Library of Congress, has at his disposal more than 20,000 volumes on aeronautics, which is the largest library on aeronautics in the world.

I have frequently consulted Dr. Zahm on the subject and the latest information I have received from him concerning these charts is his letter of April 25, 1934, reading as follows:

LIBRARY OF CONGRESS,
DIVISION OF AERONAUTICS,
Washington, April 25, 1934.

Hon. W. D. MCFARLANE,
House of Representatives, Washington, D.C.

DEAR MR. MCFARLANE: Complying with your request of April 23, I furnish herewith duplicates of the letter and marked charts which I sent to Mr. Delaney, April 20.

The figures as revised show on the average substantial agreement of the Mackenzie-Kennedy data with those in Jane's All the World's Aircraft of 1933.

For example, in table I the original chart numbers for engine power have 70 in perfect agreement with Jane, 24 too low, marked red; 11 too high, marked green.

To make the 24 too-low chart numbers agree with Jane, they must be increased in percentage, respectively, 12, 7, 10, 22, 1.5, 9.5, 20, 8.3, 14.6, 12.5, 3.4, 11.4, 3.6, 3.6, 3.1, 2.1, 7.7, 5.6, 25.7, 35, 6.7, 2. The sum is 255.1, which divided by 24 gives the average discrepancy as 10.65 percent.

To make the 11 too-high chart numbers agree with Jane they must be decreased in percentage, respectively, 4, 37.1, 8.4, 16.7, 2.9, 5.5, 10.6, 11.1, 4.8, 2.2, 16. The sum is 119.3, which divided by 11 gives 10.9 percent.

Dividing the total percentages of error 374.4 by the number of checked items 105, gives 374.4/105=3.58 percent. Hence in table I the original engine power figures differ from those of Jane by an average of 3.58 percent.

This may be called substantial agreement.

Analyzing in the same way the figures for maximum speed and speed at 10,000 feet altitude, given for warplanes in table III, we find they differ from Jane's by an average of 2.7 percent; viz, there is substantial average agreement.

In the same table the chart values for war-service ceiling differ from Jane's by an average of 4.5 percent.

Similarly in table I the chart figures for United States engine power are found to fall below those of Jane by an average of 1.75 percent, viz, table I does not materially understate the case for the United States, as far as checked.

In table III the chart figures for maximum United States warplane speed fall below Jane's by an average of 0.8 percent; at 10,000 feet the checked chart figures agree with those of Jane; the chart values for war-service ceiling differ from Jane's by 3.45 percent. Hence table III does not materially understate the case for the United States as far as checked.

These charts do not purport to furnish figures later than 1933; hence they do not indicate the capacities of the world's warplanes and engines at the present moment.

Very truly yours,

A. F. ZAHM, *Chief, Division of Aeronautics.*

I insert at this point the charts so checked by Dr. Zahm as being the latest information available on this subject. The charts were prepared from very many sources of information of which Jane's All the World's Aircraft was only one.

TABLE I.—*Warplane engines, characteristics and performance*

SEC. A. 400 TO 450 HORSEPOWER FOR SMALL FIGHTERS

Position	Country	Engine	Cylinders, arrangement	Cooling	Rated horsepower	Maximum power: Actual horsepower	Maximum power: Altitude (feet)	Weight (pounds per horsepower)	Supercharged	Remarks
1	France	Delage G.V.I.S	12V	W	450	450	16,500	1.30	S	Inverted.
		Farman 12 G.V.I	12V	W	450	420	18,150	1.28	S	Inverted, 540 hp. maximum.
		Potez 12 A.S	12—	W	400	400	21,450	1.71	S	Opposed cylinders.
2	Great Britain	Armstrong-Siddeley "Jaguar"	14R	A	400	400	14,500	1.99	S	
2	Japan	Mitsubishi "Jaguar"	14R	A	400	400	14,500	1.99	S	License from Great Britain.
3	United States of America.	Pratt & Whitney "Wasp Jr." T-3A	9R	A	420	360	4,000	1.50	S	Mildly supercharged, 1932.
		Wright "Whirlwind" SR-975-E2	9R	A	420	360	4,000	1.40	S	Do.

SEC. B. 500 TO 550 HORSEPOWER FOR FIGHTERS

Position	Country	Engine	Cylinders, arrangement	Cooling	Rated horsepower	Maximum power: Actual horsepower	Maximum power: Altitude (feet)	Weight (pounds per horsepower)	Supercharged	Remarks
1	Great Britain	Bristol "Mercury IV" S2	9R	A	(520) 540	(570) 560	16,000	1.12	S	Special: 803 hp. at 16,000 feet.
		Armstrong-Siddeley "Panther"	9R	A	(540) 535	(565) 520	11,200	1.86	S	1931.
		Napier "Lion" XV	12V	W	550	600		1.75		Holds world's long-distance record of 5,341 miles.
2	Japan	Nakajima "Jupiter" XF	9R	A	540	570	12,000	1.66	S	License from Great Britain, 1931.
3	France	Lorraine "Petrel"	12V	W	500	500	14,850	1.09	S	800 hp. maximum.
		Gnome-Rhone "Mistral" K9	9R	A	(550) 500	(610) 500	13,200	1.33	S	
		Farman 12 W.E.S	12V	W	500	500	19,000	1.40	S	
4	United States of America.	Pratt & Whitney "Wasp" S1-D1	9R	A	550	500	11,000	1.42	S	550 hp. at 5,000 feet, 1933.

Left-hand bracketed figures make tables agree with Jane's All the World's Aircraft of 1933.

TABLE I.—*Warplane engines, characteristics and performance*—Continued

SEC. C. 600 TO 650 HORSEPOWER FOR FIGHTERS, BOMBERS

Position	Country	Engine	Cylinders' arrangement	Cooling	Rated horsepower	Maximum power: Actual horsepower	Maximum power: Altitude (feet)	Weight (pounds per horsepower)	Supercharged	Remarks
1	Great Britain	Rolls-Royce "Kestrel" II S	12V	W	600	(525) 840	11,500	1.11	S	Ground equivalent: 1,200 hp.
		Bristol "Pegasus" S2	9R	A	600	580	13,500	1.69	S	Holds world's altitude record of 43,976 feet, 1932.
		Armstrong-Siddeley "Tiger"	14R	A	(660) 650	792		1.53	S	
2	France	Hispano-Suiza 12Xbrs	12V	W	(600) (500)	650	13,200	1.29	S	Ground equivalent: 1,100 hp.
		Renault	12V	W	650	650	13,200	1.73	S	
		Lorraine "Courlis"	12V	W	600	660		1.41		
		Farman 12 W.I	12V	W	(650) 600	(650) 555	18,000	1.36	S	Inverted, 740 hp. maximum.
2	Japan	Kawasaki-B.M.W.VII A	12V	W	(500) 600	770		1.39	S	Japan can also manufacture Rolls-Royce and Lorraine engines.
		Mitsubishi-Hispano-Suiza	12V	W	600	650	13,200	1.29	S	
3	Italy	Fiat A30R	12V	W	600	600	13,200	1.20		850 hp. maximum.
3	United States of America.	Curtiss "Conqueror" SV-1570F	12V	W	600	600	12,000	1.44	S	First supercharged Sept. 1932.
		Pratt & Whitney "Twin Wasp Jr." R. 1535.	14R	A	(675) 600	625		1.33	S	1932.
		Pratt & Whitney "Hornet" T1C	9R	A	(700)	578	8,000	1.20	S	
		Wright "Cyclone" SR-1820-F2	9R	A	(700)	600	12,000	1.21	S	605 hp. maximum.
		Wright "Whirlwind" R1510	14R	A	(700)	600	12,000	1.24	S	1933.
		SEC. D. 700 TO 900 HORSEPOWER FOR HEAVY DUTY								
1	Great Britain	Rolls-Royce "Buzzard" II MS	12V	W	(825) 850	935		1.65	S	
		Armstrong-Siddeley "Leopard"	9R	A	800	854		1.89	S	1932.
2	France	Hispano-Suiza 12Ybrs	12V	W	(800) (650)	(850) 900	13,200	1.09	S	Ground equivalent: 1,490 hp.
		Gnome-Rhone "Mistral Major" K14.	14R	A	(900) 800	(900) 870	13,200	1.56	S	Ground equivalent: 1,340 hp.
		Lorraine "Orion"	18V	W	700	870		1.44		
		Renault 18Jbr	18V	W	700	850		1.67	S	
3	Japan	Kawasaki-B.M.W.IXA	12V	W	(715) 800	(800) 900		1.53	S	Japan can also manufacture Lorraine and Junkers engines.
		Mitsubishi-Hispano-Suiza	12V	W	(800) 700	860	13,200	1.09	S	
3	Italy	Isotta-Fraschini "Asso" 750R	18V	W	850	920		1.64		
		Fiat A26R	12V	W	700	760		1.44		
4	Germany	Junkers L88a	12V	W	800	850		1.98	S	
5	Czechoslovakia	Avia V30	12V	W	700	700	13,200	1.76	S	Allied to France.
6	United States of America.	Pratt & Whitney "Twin Wasp Jr."	14R	A	(725) 700	(725) 700	8,000	1.33	S	725 hp. maximum, 1933.
		Pratt & Whitney "Twin Wasp"	14R	A	(825) 800	830	4,500	1.36	S	
		SEC. E. 900 TO 1,000 HORSEPOWER FOR HEAVY DUTY								
1	Czechoslovakia	Avia W44	18V	W	1,000	1,000	15,200	1.65	S	Allied to France, 1932.
2	France	Hispano-Suiza 18Sb	18⊥	W	1,100	1,125		1.20	S	
		Lorraine "Eider"	12V	W	900	1,050		1.33	S	
3	Great Britain	Rolls-Royce "Buzzard" II MS	12V	W	(900)	935		1.65	S	
3	Italy	Fiat A25	12V	W	(970) 950	(1,000) 1,050		1.69	S	As supplied to China.
		Isotta-Fraschini "Asso 1000"	18V	W	900	1,100		1.62		
3	Germany	Mercedes-Benz F2	12V	W	(880) 900	1,030		1.76	S	
4	Japan	Licensed to manufacture Hispano-Suiza, Lorraine, and Rolls-Royce airplane engines.								
0	United States of America.	None								
		SEC. F. 1,000 HORSEPOWER AND UP FOR RACING PLANES								
1	Italy	Fiat AS 6	24V	W	2,300	(2,800) 2,600		0.78	S	2,900 hp. at 3,000 r.p.m. World's airplane speed record, 1933.
1	Great Britain	Rolls-Royce R	12V	W	2,300	2,600		.63	S	World's airplane speed record, 1931.
		Napier "Lion" VIId	12V	W	(1,320) 1,250	1,350		.89	S	
2	France	Renault 12Ncr	12V	W	1,600	2,000		.68	S	
		Farman 18T	18T	W	1,200	1,480	3,630	.72	S	
		Lorraine "Radium"	12V	W	2,000	2,200			S	Inverted, not developed.
3	Japan	Licensed to manufacture Rolls-Royce and Lorraine airplane engines.								
4	United States of America.	Packard X (IA-2775)	24X	W	1,200	1,250		1.21		1929, never flown.
		SEC. G. DIESEL (HEAVY OIL) ENGINES—ALL TYPES								
1	Germany	Junkers "Jumo-4"	6-line	W	600	750		2.20		
		Mercedes-Benz	12V	W	(880) 700	(1,030) 750		2.78		Undergoing trials.
2	France	Hispano-Suiza-Clerget 14U	14R	A	500	(640) 600		2.20		
		Hispano-Suiza-Clerget 9T	9R	A	300	400		2.20		
		Lilloise-Junkers "C.L.M."	6-line	W	(420) 480	(540) 530	13,200	2.80	S	
3	Great Britain	Rolls-Royce "Condor"	12V	W	500	600		2.80		
4	Japan	Licensed to manufacture Junkers, Hispano-Suiza, and Rolls-Royce airplane engines.								
5	United States of America.	Packard DR-980	9R	A	225			2.26		
		Guiberson a-980	9R	A	185			2.74		
		Aviation Diesel*	7R	A	400					
		SUPPLEMENTARY, THE LEADING AIRSHIP ENGINE OF THE WORLD								
1	Germany	Maybach VL2	12V	W	(450) 550	(570) 550		4.35		Used on the late U.S.S. "Akron" and "Macon", reversible.

NOTE 1.—64 different airplane engines have been compared in the above table I.

NOTE 2.—Soviet Russia is manufacturing airplane engines of its own design, and of German and Italian design. It may be considered as not weaker than the United States in airplane engines.

NOTE 3.—A=air cooled; P=Prestone cooled; W=water cooled; R=radial; S=supercharged.

*From Jane's All the World's Aircraft of 1933 (experimental, never been flown).

Left-hand figures in parenthesis make tables agree with Jane's All the World's Aircraft of 1933.

TABLE II.—*Leading warplane engines in table I compared according to the actual power they develop at war-service altitudes*

SEC. A. 400 TO 450 HORSEPOWER FOR SMALL FIGHTERS (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

Position	Country	Engine	Horsepower	United States deficiency in power of warplane engines: Measured in horsepower	Measured in percentage
1	France	Delage G.V.I.S.	450		
2	Great Britain	Armstrong-Siddeley "Jaguar".	400		
2	Japan	Mitsubishi "Jaguar" (license from Great Britain).	400		
3	United States of America.	P. & W. "Wasp Jr." T. 3A Wright "Whirlwind" 420 hp.	300 300	−150	−33.33

SEC. B. 500 TO 550 HORSEPOWER FOR FIGHTERS (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

Position	Country	Engine	Horsepower	Measured in horsepower	Measured in percentage
1	Great Britain	Bristol "Mercury IV" S. 2	570		
2	Japan	Nakajima "Jupiter" XF	525		
3	France	Lorraine "Petrel"	500		
4	United States of America.	P. & W. "Wasp" S1-D1	425	−175	−29.17

SEC. C. 600 TO 650 HORSEPOWER FOR FIGHTERS, BOMBERS (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

Position	Country	Engine	Horsepower	Measured in horsepower	Measured in percentage
1	Great Britain	Rolls-Royce "Kestrel" II S. (1932).	700		
2	France	Hispano-Suiza 12 X brs	600		
2	Japan	Kawasaki-B.M.W. VII A	600		
3	Italy	Fiat A. 30 R			
3	United States of America.	Curtiss "Conqueror" P. & W. "Hornet" T. 1C Wright "Whirlwind" R. 1510.	550 550 500 500	−150	−21.43

SEC. D. 700 TO 900 HORSEPOWER FOR HEAVY DUTY (WAR-SERVICE ALTITUDE, 10,000 TO 15,000 FEET)

Position	Country	Engine	Horsepower	Measured in horsepower	Measured in percentage
1	Great Britain	Rolls-Royce "Buzzard" II M.S. (1932).	900		
2	France	Hispano-Suiza 12 Y brs (1932)	850		
3	Japan	Mitsubishi-Hispano-Suiza (1932).	800		
3	Italy	Isotta-Fraschini "Asso" 750 R (1932).	800		
4	Germany	Junkers L. 88a (1932)	750		
5	Czechoslovakia	Avia V. 30 (1932)	700		
6	United States of America.	P. & W. "Twin Wasp" (1933).	675	−225	−25.00

TABLE II.—*Leading warplane engines in table I compared according to the actual power they develop at war-service altitudes*—Continued

SEC. E. 900 TO 1,000 HORSEPOWER FOR HEAVY DUTY

Position	Country	Engine	Horsepower	Measured in horsepower	Measured in percentage
1	Czechoslovakia	Avia W. 44	(1,000) 1,100		
2	France	Hispano-Suiza 18 Sb	1,000		
3	Great Britain	Rolls-Royce "Buzzard" II M.S.	900		
3	Italy	Fiat A. 25	900		
3	Germany	Mercedes-Benz F. 2	900		
4	Japan	Licensed to manufacture Hispano-Suiza, Lorraine, and Rolls-Royce airplane engines.			
	United States of America.	None		−1,100	−100.00

SEC. F. 1,000 HORSEPOWER AND UP FOR RACING PLANES

Position	Country	Engine	Horsepower	Measured in horsepower	Measured in percentage
1	Italy	Fiat A. 5.6	(2,800) 2,600		
1	Great Britain	Rolls-Royce "R"	2,600		
2	France	Renault 12 Ncr	2,000		
3	Japan	Licensed to manufacture Rolls-Royce and Lorraine airplane engines.			
4	United States of America.	Packard X (1929)	1,250	−1,650	−56.9

SEC. G. DIESEL (HEAVY OIL) ENGINES, ALL TYPES

Position	Country	Engine	Horsepower	Measured in horsepower	Measured in percentage
1	Germany	Junkers "Jumo"	(750) 650		
2	France	Hispano-Suiza-Clerget 14U	(640) 600		
3	Great Britain	Rolls-Royce "Condor"	(540) 550		
4	Japan	Licensed to manufacture Junkers, Hispano-Suiza, and Rolls-Royce airplane engines.			
5	United States of America.	Packard	225	−525	−70.00
	United States average deficiency for all engines.			−567.8	−47.97

Left-hand figures in parenthesis make table agree with Jane's All the World's Aircraft of 1933.

COMPARISON OF THE LEADING WARPLANES OF THE WORLD, 1933

TABLE III.—*Warplanes, duty, characteristics, and performance*

SEC. A. ARMY FIGHTERS (PURSUIT) 1-PLACE, LIGHT DUTY

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed (m.p.h.): At 10,000 feet	At 15,000 feet	At 20,000 feet	Climb to 15,000 feet (min.)	War-service ceiling (feet)	Crew	Number of guns	Remarks
1	Gt. Britain	Vickers "Jockey"	M	Bristol "Mercury IV" [a]	A	500	[1] 238	20,000	[2] 225	238	[3] 238	7	[4] 36,000	1	2	238 m.p.h. at 20,000 feet in February 1932.
		Hawker "Fury" [b]	B	Rolls-Royce "Kestrel"	W	600	[5] 223	13,000	[6] 225	230	225	7	35,000	1	2	Vertical power dives exceed 400 m.p.h.
		Fairey "Firefly II"	B	do	W	600	223	13,000	225	230	225	8	35,000	1	2	223 m.p.h. at 13,000 feet in January 1932.
		Bristol "Bulldog III A"	B	Bristol "Mercury IV"	A	500	205	10,000	205	205	195	8	35,000	1	2	
		Gloster S.S. 19	B	do	A	500	209	10,000	209	[7] 207	195	8	35,000	1	6	Compare with Curtiss "Strike" in sec. C.
		Armstrong-Whitworth XVI	B	Armstrong-Siddeley "Panther."	A	500	[8] 205	10,000	[9] 205	[10] 200	[11] 192	9	32,500	1	2	187 m.p.h. at 25,000 feet. 212 m.p.h. maximum.
		D.H. 77	M	Napier "Rapier"	A	300	203	10,000	203	195	195	9	32,000	1	2	
2	France	Dewoitine 500	M	Hispano-Suiza	W	500	230	15,000	220	230	[12] 215	8	35,000	1	2	207 m.p.h. at 26,000 feet.
		Nieuport-Delage 121C-1	M	do	W	500	229	11,500	228	225	220	6	39,600	1	2	Highest war-service ceiling.
		Loire 43C-1	M	do	W	500	223	10,500	224	221	215	8	35,000	1	2	
		Mureaux 170C-1	M	do	W	500	225	12,000	227	220	215	8	33,000	1	2	
		Morane-Sauinier 325	M	do	W	500	[13] 225	13,000	220	225	210	8	[14] 36,000	1	2	
3	Poland	P.Z.L. P. XI	M	Bristol "Mercury IV"	A	500	217	13,200	217	215	205	6	33,000	1	2	Allied to France.
		P.Z.L. P. VIII	M	Lorraine "Petrel"	W	500	206	12,040	210	200	190	7	30,000	1	2	Unsupercharged engine.
3	Italy	Fiat C.R. 30	B	Fiat A. 30R	W	600	[15] 224	10,000	[16] 224	214	205	8	[17] 30,000	1	2	
4	Japan	Kawasaki 92 (K.D.S.)	B	Kawasaki-B.M.W	W	600	[18] 217	5,000	210	205	200	6	32,000	1	2	Licensed to manufacture Hawker and Nieuport Delage warplanes.
		Nakajima 91	M	Nakajima "Jupiter"	A	500	[19] 190	10,000	190	185	180	8	30,000	1	2	
5	Sweden	Svenska "Jaktfolk"	B	Armstrong-Siddeley "Panther."	A	500	208	13,000	205	205	195	9	32,000	1	2	Svenska Aero A.B. allied with Heinkel Co. in Germany.
6	U.S.A.	Curtiss "Swift" XP-934	M	Curtiss "Conqueror"	W	650	215	6,000	205	195	185	8	30,000	1	2	
		Curtiss "Hawk" P-6E	B	do	W	650	197	5,000	189	182	175	9	26,500	1	2	Enclosed cockpit.
		Boeing P-26	M	P. & W. "Wasp"	A	500	[20] 210	6,000	205	195	185	8	30,000	1	2	
		Boeing P-12E	B	do	A	500	189	6,000	187	180	173	10	28,000	1	2	Wire-braced monoplane.

[a] +30 horsepower now (1933). [b] 250 miles per hour, climb to 4,500 ft. in 1 minute now (1933).

The following numbered figures make table agree with Jane's All the World's Aircraft of 1933: [1]=207, [2]=218, [3]=207, [4]=31,500, [5]=209, [6]=214, [7]=220, [8]=196, [9]=196, [10]=204, [11]=196, [12]=226, [13]=233, [14]=39,360, [15]=230, [16]=230, [17]=26,240, [18]=205, [19]=199, [20]=231.

TABLE III.—*War planes, duty, characteristics, and performance*—Continued

SEC. B. NAVY FIGHTERS, 1-PLACE, LIGHT DUTY

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed (m.p.h.): At 10,000 feet	Speed (m.p.h.): At 15,000 feet	Speed (m.p.h.): At 20,000 feet	Climb to 15,000 feet (mins.)	War-service ceiling (feet)	Crew	Number of guns	Remarks
1	Gt. Britain	Hawker "Nimrod"	B	Rolls-Royce "Kestrel"	W	600	[1] 210	13,000	210	210	210	8	35,000	1	2	Fastest navy fighter in the world.
		Hawker "Hoopoe"	B	Armstrong-Siddeley "Panther".	A	500	205	10,000	205	205	200	9	33,000	1	2	
		Fairey "Firefly III"	B	Rolls-Royce "Kestrel"	W	600	210	10,000	210	205	200	8	33,000	1	2	
2	Japan	Hawker "Nimrod"	B	do	W	600	[2] 205	13,000	205	205	205	8	35,000	1	2	License from Great Britain.
		Nakajima 90	B	Nakajima "Jupiter"	A	500	[3] 205	10,000	205	200	195	7	33,000	1	2	
3	U.S.A.	Boeing F4B-4	B	P. & W. "Wasp"	A	500	190	6,000	190	185	175	9	27,500	1	2	
		Curtiss "Goshawk" F11C-2	B	Wright "Cyclone"	A	700	193	5,000	187	180	175	11	25,400	1	2	Similar to Army plane supplied to Turkey.
		Curtiss "Sparrowhawk" F9C-2.	B	Wright "Whirlwind 420"	A	420	175	5,000	171	163	155	13	21,700	1	2	U.S.S. "Macon" airship defender.
		Berliner-Joyce XFJ-2	B	P. & W. "Wasp"	A	500	193	6,000	190	180	170	11	24,700	1	2	

SEC. C. ARMY FIGHTERS, MULTIPLACE, LIGHT DUTY

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed (m.p.h.): At 10,000 feet	Speed (m.p.h.): At 15,000 feet	Speed (m.p.h.): At 20,000 feet	Climb to 15,000 feet (mins.)	War-service ceiling (feet)	Crew	Number of guns	Remarks
1	Gt. Britain	Hawker "Demon"	B	Rolls-Royce "Kestrel"	W	600	210	13,000	210	210	205	8	35,000	2	3	
		Fairey "Fox II"	B	do	W	600	210	13,000	210	210	205	8	35,000	2	3	
2	France	Breguet 41M3	S	2-Hispano-Suiza	W	650	195	15,000	200	195	190	11	31,350	3	5	2 engines.
3	Japan	Junkers K.47	M	Nakajima "Jupiter"	A	500	192	13,000	200	190	180	9	33,000	2	3	Licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes.
4	Switzerland	Dornier Do. C4	M	Hispano-Suiza	W	650	197	11,500	200	190	180	12	31,150	2	4	Branch of German Metallbauten G.m.b.H.
5	U.S.A.	Berliner-Joyce P.16	B	Curtiss "Conqueror"	W	600	186	6,000	180	[4] 170	[5] 160	12	[6] 26,200	2	3	
		Curtiss "Shrike" A.8	M	do	W	600	197	ground	180	170	165	20	19,800	2	6	Ground attack—see Gloster, sec. A.

The following numbered figures make tables agree with Jane's All the World's Aircraft of 1933: [1]=192.5, [2]=192.5, [3]=192.5, [4]=192, [5]=178, [6]=29,000.

SEC. D. NAVY FIGHTERS, MULTIPLACE, LIGHT DUTY

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed (m.p.h.): At 10,000 feet	Speed (m.p.h.): At 15,000 feet	Speed (m.p.h.): At 20,000 feet	Climb to 15,000 feet (mins.)	War-service ceiling (feet)	Crew	Number of guns	Remarks
1	Gt. Britain	Hawker "Osprey"	B	Rolls-Royce "Kestrel"	W	600	205	13,000	205	200	195	8	33,000	2	3	
2	Japan	Licensed to manufacture Hawker, Junkers, and Dornier warplanes.														
3	U.S.A.	Vought V-70	B	P. & W. "Hornet"	A	600	[1] 174	6,000	165	160	150	10	[2] 22,300	2	3	
		Curtiss "Helldiver" F8C-7	B	Wright "Cyclone"	A	575	165	10,000	165	160	150	11	22,000	2	3	As supplied to U.S. Marine Corps.

SEC. E. ARMY OBSERVATION-GENERAL PURPOSE PLANES, LIGHT DUTY

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed (m.p.h.): At 10,000 feet	Speed (m.p.h.): At 15,000 feet	Speed (m.p.h.): At 20,000 feet	Climb to 15,000 feet (mins.)	War-service ceiling (feet)	Crew	Number of guns	Remarks
1	Gt. Britain	Hawker "Audax", "Hart"	B	Rolls-Royce "Kestrel"	W	600	210	13,000	[3] 210	210	200	8	35,000	2	3	
		Westland "Wallace"	B	Bristol "Pegasus"	A	600	190	12,000	190	185	180	10	35,000	2	3	140 m.p.h. at 35,000 feet. Flew over Mount Everest (29,121 ft.) April 1933.
		Armstrong-Whitworth "Atlas II."	B	Armstrong-Siddeley "Tiger."	A	650	175	10,000	175	170	165	10	32,000	2	3	
		Fairey "Gordon"	B	Armstrong-Siddeley "Panther."	A	600	180	10,000	180	175	170	10	32,000	2	3	
		Vickers "Vespa"	B	Bristol "Pegasus"	A	600	180	6,500	175	170	165	9	32,000	2	3	Holds world's altitude record: 43,976 feet.
		Bristol 118	B	do	A	600	175	12,000	175	170	165	10	32,000	2	3	
1	Belgium	Renard R. 31	M	Rolls-Royce "Kestrel"	W	600	[4] 208	13,000	210	[5] 205	200	10	34,500	2	3	
2	France	Mureaux 112 R. 2	M	Hispano-Suiza	W	650	192	16,500	200	195	190	8	35,000	2	4	
		Brequet 27-3	S	do	W	650	200	13,500	200	200	180	11	[6] 30,000	2	4	
		Potez 50 A-2	S	Gnome-Rhone K. 14	A	700	192	6,500	192	185	180	8	31,000	2	4	3 guns rearward.
		Latecoere 49	B	Hispano-Suiza	W	650	171	13,500	170	165	160	13	26,500	2	5	Also licensed to manufacture Hawker, Brequet, Junkers, and Dornier warplanes.
					W											
3	Japan	Kawasaki 88	B	Kawasaki-B.M.W		500	[7] 160	10,000	160	155	150	12	27,000	2	4	
3	U.S.A.	Curtiss "Raven" Y 10-40A	S	Wright "Cyclone"	A	700	195	6,000	192	187	175	10	26,000	2	3	Retractable landing gear.
		Consolidated 23	S	Curtiss "Conqueror"	W	600	192	5,500	190	180	170	10	25,000	2	3	
		Douglass O-38 S	B	Wright "Cyclone"	A	575	172	5,000	170	165	155	12	21,500	2	3	
		Thomas-Morse O-19E	B	P. & W. "Wasp"	A	500	158	5,000	150	145	140	15	21,000	2	3	

SEC. F. NAVY OBSERVATION, LAND PLANES—CARRIER PLANES, LIGHT DUTY

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed (m.p.h.): At 10,000 feet	Speed (m.p.h.): At 15,000 feet	Speed (m.p.h.): At 20,000 feet	Climb to 15,000 feet (mins.)	War-service ceiling (feet)	Crew	Number of guns	Remarks
1	Gt. Britain	Hawker "Osprey"	B	Rolls-Royce "Kestrel"	W	600	[8] 200	13,000	200	195	190	8	32,000	2	3	
		Short "Gurnard"	B	do	W	600	[9] 192	11,000	[10] 190	[11] 185	180	9	[12] 30,000	2	3	
		Fairey III F	B	Napier "Lion" XI	W	570	175	10,000	175	165	160	10	30,000	3	3	
2	Japan	Licensed to manufacture Hawker, Short, Junkers, and Dornier warplanes.														
3	U.S.A.	Vought V. 50	B	P. & W. "Hornet"	A	575	190	6,000	170	160	150	11	25,000	2	3	
		Vought SU. 1	B	do	A	600	180	6,000	170	165	160	11	[13] 25,000	2	3	
		Vought "Corsair" O3U-4	B	do	A	600	167	6,000	160	155	150	10	23,000	2	3	
		Berliner-Joyce OJ-25	B	P. & W. "Wasp Jr."	A	420	160	6,000	155	150	145	12	20,000	2	3	

The following numbered figures make tables agree with Jane's All the World's Aircraft 1933: [1]=185, [2]=20,400, [3]=172, [4]=187, [5]=184, [6]=31, 500, [7]=137, [8]=175, [9]=144, [10]=144, of [11]=130, [12]=20-000, [13]=20,500.

TABLE III.—*Warplanes, duty, characteristics, and performance*—Continued

SEC. G. NAVY TORPEDO-BOMBERS, LAND PLANES, CARRIER PLANES—HEAVY DUTY (10,000 FEET)

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Number of engines	Total horsepower of engines	Total weight of plane loaded (pounds)	Power loading, pounds per horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed, miles per hour at altitude (feet)	War service ceiling (feet)	Crew	Gun stations	Tail-gun station	Range (miles)	Load: Torpedo or bomb (pounds)	Remarks
1	Gt. Brit.	Blackburn "Ripon" M. 1/30.	B	Rolls-Royce "Buzzard."	W	[1]850	1	[2]850	[3]7,400	8.7	150	10,000	150	[4]18,000	2	2	----	[5]600	2,150	Fastest torpedo plane in the world.
		Hawker "Horsley"	B	Armstrong-Siddeley "Leopard."	A	800	1	800	9,650	12.1	[6]145	10,000	[7]145	[8]16,000	3	2	----	600	2,150	
		Vickers M. 1/30	B	Rolls-Royce "Buzzard."	W	[9]850	1	[10]850	8,500	10.0	145	10,000	145	19,000	2	2	----	600	2,150	
2	France	Latecooere 29	M	Hispano-Suiza	W	650	1	650	[11]6,100	9.4	143	5,000	140	15,000	3	2	----	500	1,540	
3	Japan	Navy 89	B	Mitsubishi-Hispano-Suiza.	W	[12]650	1	[13]650	7,500	11.5	140	5,000	135	15,000	3	2	----	800	2,000	Blackburn type.
4	U.S.A.	Martin BM-2 (125)	B	P. & W. "Hornet"	A	575	1	575	6,140	10.7	143	6,000	125	[14]16,500	2	2	----	[15]450	1,000	Diving bomber.
		Douglas P2D-1	B	Wright "Cyclone"	A	575	2	1,150	12,700	11.0	125	6,000	115	12,000	3	2	----	800	2,000	
		Great Lakes TG-2	B	do	A	575	1	575	8,340	14.7	125	6,000	115	12,000	3	2	----	800	2,000	

SEC. H. ARMY FIGHTER-BOMBERS, HEAVY DUTY (15,000 FEET)

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Number of engines	Total horsepower of engines	Total weight of plane loaded (pounds)	Power loading, pounds per horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed, miles per hour at altitude (feet)	War service ceiling (feet)	Crew	Gun stations	Tail-gun station	Range (miles)	Load: Torpedo or bomb (pounds)	Remarks
1	Gt. Brit.	Vickers B. 19/27	B	Rolls-Royce "Kestrel."	W	600	2	1,200	[16]16,400	13.7	195	10,000	180	27,000	4	2	1	----	----	No gun-station amidships.
		Boulton & Paul "Sidestrand III."	B	Bristol "Jupiter"	A	[17]500	2	[18]1,000	10,200	10.2	160	20,000	[19]170	[20]30,000	4	3	0	----	----	To 15,000 feet in 10 minutes 1931).
2	U.S.A.	Martin YB-10, 12, 13 (123).[a] [b]	M	Wright "Cyclone"	A	[21]575	2	[22]1,150	12,000	10.4	195	6,000	170	25,000	3	2	0	----	----	Retractable landing gear.
		Boeing B-9 [b]	M	P. & W. "Hornet"	A	[23]650	2	1,300	13,500	10.3	185	6,000	170	22,600	4	2	0	----	----	Do.
2	France	Amiot 141 M	M	Lorraine "Orion"	W	700	2	1,400	15,070	10.8	180	10,000	170	26,000	5	3	0	----	----	
		S.E.C.M. 141 M	M	do	W	700	2	1,400	14,236	10.2	161	10,000	155	23,700	5	3	0	----	----	
		S.P.C.A. 30 M 4	M	Hispano-Suiza	W	650	2	1,300	14,300	11.0	158	10,000	150	24,600	6	4	0	----	----	Twin-fuselage.
3	Japan	Junkers K. 37	M	Nakajima "Jupiter"	A	500	2	1,000	9,500	9.5	169	13,500	165	27,000	4	3	0	----	----	
4	Czechoslovakia	Aero A. 42	M	Isotta-Fraschini	W	1,000	1	1,000	10,428	10.4	168	10,000	160	22,000	3	2	0	----	----	Allied to France.

[a] See note 2. [b] Betwixt and between types not encouraged abroad.

The following numbered figures make tables agree with Jane's All the World's Aircraft of 1933: [1]=825, [2]=825, [3]=10,400, [4]=13,000, [5]=750, [6]=120, [7]=120, [8]=14,000, [9]=825, [10]=825, [11]=10,570, [12]=600, [13]=600, [14]=15,110, [15]=525, [16]=15,800, [17]=460, [18]=920, [19]=142, [20]=21,500, [21]=710, [22]=1,420, [23]=700.

SEC. I. ARMY HEAVY BOMBERS-TROOP TRANSPORTS, HEAVY DUTY (15,000 FEET)

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Number of engines	Total horsepower of engines	Total weight of plane loaded (pounds)	Power loading, pounds per horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed, miles per hour at altitude (feet)	War service ceiling (feet)	Crew	Gun stations	Tail-gun station	Range (miles)	Load: Torpedo or bomb (pounds)	Remarks
1	Gt. Brit.	Fairey	M	Rolls-Royce "Kestrel."	W	600	2	1,200	19,050	15.9	180	10,000	175	25,000	5	3	1	----	----	As transport: 4+20 soldiers.
		Vickers 163	B	do	W	600	4	2,400	25,700	10.7	160	10,000	150	20,000	5	4	1	----	----	As transport: 4+21 soldiers.
		Boulton & Paul P. 32.	B	Bristol "Pegasus"	A	600	3	1,800	22,700	12.6	165	10,000	155	18,000	5	3	1	----	----	
		Gloster	B	Rolls-Royce "Kestrel."	W	600	4	2,400	28,000	11.7	146	12,000	143	19,000	5	4	1	----	----	As transport: 4+30 soldiers.
		Handley-Page "Heyford."	B	do	W	600	2	1,200	[1]15,600	13.0	[2]160	13,000	150	22,000	4	3	0	----	----	
2	Japan	Junkers K. 51	M	Junkers L. 88	W	800	4	3,200	65,000	17.2	157	18,000	160	24,000	10	4	0	----	----	
		Kawasaki 87	M	Kawasaki-B.M.W	W	600	2	1,200	15,000	12.5	150	13,200	150	20,000	6	4	0	----	----	Similar to Dornier Do. F.
2	Italy	Caproni 95	M	Isotta-Fraschini	W	[3]650	3	1,950	[4]20,000	10.2	155	10,000	160	[5]18,000	6	3	1	----	----	Estimated.
		Fiat B.R. 3	B	Fiat A-25	W	950	1	950	10,010	10.5	150	10,000	140	18,400	2	2	0	----	----	20 supplied to China.
3	France	Liore et Olivier "Le O" 206.	B	Gnome-Rhone K. 7	A	[6]300	4	1,200	[7]17,820	14.7	143	13,200	140	25,000	4	3	0	----	----	
		Bleriot 137	M	Hispano-Suiza	W	650	2	1,300	12,300	9.3	140	15,000	140	26,600	6	3	0	----	----	
4	U.S.A.	Keystone B-6A	B	Wright "Cyclone"	A	575	2	1,150	13,334	12.5	111	10,000	100	16,500	5	3	0	----	----	(See note 4), obsolescent.

SEC. J. NAVY PATROL FLYING-BOATS, HEAVY DUTY (10,000 FEET)

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Number of engines	Total horsepower of engines	Total weight of plane loaded (pounds)	Power loading, pounds per horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed, miles per hour at altitude (feet)	War service ceiling (feet)	Crew	Gun stations	Tail-gun station	Range (miles)	Load: Torpedo or bomb (pounds)	Remarks
1	Gt. Brit.	Short "Singapore II"	B	Rolls-Royce "Kestrel."	W	600	4	2,400	27,750	11.6	155	6,000	150	[8]16,000	7	4	1	----	----	Altitude maintained on 2 engines.
		Short "Rochester"	B	Rolls-Royce "Buzzard."	W	850	6	5,100	74,000	14.5	150	6,000	145	15,000	10	4	1	----	----	5,580 h.p. maximum.
		upermarine "Southampton X".	B	Bristol "Jupiter"	A	500	3	1,500	23,000	15.3	130	6,000	125	15,000	7	4	1	----	----	
		Blackburn "Iris V".	B	Rolls-Royce "Buzzard."	W	[9]850	3	[10]2,550	31,500	12.4	130	6,000	120	15,000	5	3	1	----	----	
		Blackburn "Sydney".	M	Rolls-Royce "Kestrel."	W	600	3	1,800	22,730	12.6	127	6,000	120	15,000	5	3	1	----	----	
		Saunders-Roe "Severn".	S	Bristol "Jupiter"	A	500	3	1,500	22,150	14.8	124	6,000	120	15,000	5	3	1	----	----	
2	Italy	Savoia-Marchetti S-55.	M	Fiat A-24R	W	700	2	1,400	16,940	12.1	147	5,000	135	13,776	6	4	0	----	----	Twin-hull, engines in tandem.
2	Holland	Dornier "Wall"	M	Lorraine "Courlis"	W	600	2	1,200	[11]14,100	11.8	143	5,000	135	12,000	6	3	0	----	----	Engines in tandem.
3	Japan	Navy 90-1 (Navy Yard).	M	Mitsubishi-Hispano-Suiza.	W	700	3	2,100	26,880	12.8	142	6,000	130	15,000	6	4	1	----	----	Cruises at 130 m.p.h.
		Navy 90-2 (Kawanishi).	B	Rolls-Royce "Buzzard."	W	850	3	2,550	40,000	15.7	[12]130	6,000	125	15,000	7	4	1	----	----	K.F. 1 et seq. Cruises 124 m.p.h.
		Navy 15	B	Nakajima "Lorraine."	W	450	2	900	15,000	16.7	128	6,000	125	15,000	5	3	0	----	----	Supermarine "Southampton."

The following numbered figures make tables agree with Jane's All the World's Aircraft of 1933: [1]=16,700, [2]=142 at 13,000 feet, [3]=850, [4]=33,000, [5]=16,400, [6]=465, [7]=30,800, [8]=15,000, [9]=825, [10]=2,475, [11]=22,040, [12]=136.

TABLE III.—*Warplanes, duty, characteristics, and performance*—Continued

SEC. J. NAVY PATROL FLYING BOATS, HEAVY DUTY (10,000 FEET)—continued

Position	Country		Wing arrangement	Engine	Cooling	Rated horsepower	Number of engines	Total horsepower of engines	Total weight of plane loaded (pounds)	Power loading, pounds per horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed, miles per hour at altitude (feet)	War service ceiling (feet)	Crew	Gun stations	Tail-gun station	Range (miles)	Load: Torpedo or bomb (pounds)	Remarks
4	France	C.A.M.S. 55-3	B	Hispano-Suiza	W	600	2	1,200	15,180	12.6	130	6,000	125	[1] 12,136	5	2	0			Engines in tandem.
		Amiot 110	M	do	W	650	1	650	9,094	13.9	132	6,000	125	16,400	5	2	0			
5	U.S.A.	Martin XP2M-1 (121).	M	Wright "Cyclone"	A	[2] 575	3	[3] 1,725	[4] 23,150	13.4	140	5,000	120	14,600	5	2	0			
		Martin XP3M-1 (120).	M	P. & W. "Hornet"	A	540	2	1,080	15,600	14.4	115	5,000	100	12,500	4	2	0			
		Consolidated P2Y-1	S	Wright "Cyclone"	A	[5] 575	3	[6] 1,725	20,000	11.6	120	5,000	100	14,000	5	2	0			
		Hall *		do	A	[7] 650	4	[8] 2,600	40,000	15.4	140	5,000	120	14,000	6	2	1			Estimated. Has a tail gun.
		Keystone PK-1	B	do	A	[9] 525	2	[10] 1,050	16,303	15.5	120	5,000	100	12,000	5	2	0			

SUPPLEMENTARY—THE RACING PLANES OF THE WORLD

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Max. hp.	Max. speed	Year	Remarks
1	Italy	Macchi-Castoldi S-M. 67	M	Fiat A.S. 6	W	[11] 2,300	2,900	424.03	1933	World's speed record for all types of planes.
		Macchi M. 5z bis	M	Fiat A.S. 3	W	1,000	1,050	318.4	1928	World's speed record in 1928.
2	Great Britain	Supermarine S-6 B	M	Rolls-Royce "R"	W	2,300	2,600	407.5	1931	World's speed record for all types of planes.
		Gloster VI	M	Napier "Lion" VII D	W	1,250	1,350	336.3	1929	World's speed record in 1929.
3	France	Bernard 120	M	Hispano-Suiza	W	1,000	1,200	310.5	1929	Unofficial speed.
		Nieuport-Delage	M	Lorraine "Radium"	W	2,000	2,200	400.0	1931	Estimated speed, has not completed tests.
4	Japan	Licensed to manufacture Rolls-Royce, Hispano-Suiza, and Lorraine airplane engines, and Nieuport-Delage airplanes.								
5	U.S.A.	"Mercury"	M	Packard X	W	1,200	1,250		1929	Never flown, could not leave the water.
		Granville "Gee Bee" R-2	M	P. & W. "Wasp Jr." special	A	600	800	294.4	1932	World landplane record.

* Displays ignorance of aerobatics.

The following numbered figures make tables agree with Jane's All the World's Aircraft of 1933: [1]=13,120, [2]=700, [3]=2,100, [4]=20,195, [5]=700, [6]=2,100, [7]=700, [8]=2,800, [9]=700, [10]=1,400, [11]=2,800.

SUPPLEMENTARY—THE STRATOSPHERE (HIGH-ALTITUDE) PLANES OF THE WORLD

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Weight	Lbs/hp	Miles per hour	Ceiling	Crew	Performance	Remarks
							Pounds			Feet			
1	Germany	Junkers JU. 49	M	Junkers L. 88	W	800	8,800	11.0	310	50,000	2	Estimated	Supercharged. Variable-pitch propeller.
2	France	Farman F. 1000	M	Farman 8 V.I.	W	400	5,600	14.0		65,000	2	do	3-stage supercharger. Ultimate ceiling: 80,000 feet.
		Guerchais	M	Lorraine "Orion"	W	700	5,500	7.9	200	150,000	2	do	Brown-Boveri supercharger.
3	Japan	Licensed to manufacture Junkers airplanes and airplane engines.											
4	Great Britain, Italy, and Soviet Russia are considering stratosphere planes, and developments are under way.												
5	U.S.A.	No stratosphere planes under development.											

The following numbered figures makes table agree with Jane's All the World's Aircraft of 1933: [1]=280.

TABLE IV.—*Leading warplanes in table III compared according to their actual speeds at war-service altitudes*

SEC. A. ARMY FIGHTERS, PURSUIT, 1-PLACE (WAR-SERVICE ALTITUDE 15,000 TO 20,000 FEET)

Position	Country	Type	Miles per hour	United States deficiency in speed at war-service altitudes: Measured in miles per hour	Measured in percentage
1	Great Britain	Vickers "Jockey"	(207) [a]238		
2	do	Hawker "Fury"	([1]209) 225		
2	France	Dewoitine 500	215		
3	Poland	P.Z.L. P. XI	205		
3	Italy	Fiat C.R. 30	205		
4	Japan	Kawasaki 92 (licensed to manufacture Hawker and Nieuport-Delage warplanes).	200		
5	Sweden	Svenska "Jaktfolk"	195		
6	United States of America.	Curtiss XP-934 Boeing P. 26	185	−53 −40	[a]−22.27 −17.78

SEC. B. NAVY FIGHTERS, 1-PLACE (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

Position	Country	Type	Miles per hour	Measured in miles per hour	Measured in percentage
1	Great Britain	Hawker "Nimrod"	([1]192.5) 210		
2	Japan	Hawker "Nimrod" (license from Great Britain).	205		
3	United States of America.	Boeing F4B-4 Curtiss "Goshawk" F11C-2	175	−35	−16.67

SEC. C. ARMY FIGHTERS, MULTIPLACE (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

Position	Country	Type	Miles per hour	Measured in miles per hour	Measured in percentage
1	Great Britain	Hawker "Demon"	205		
2	France	Breguet 41M3	195		
3	Japan	Junkers K. 47 (licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes).	180		
4	Switzerland	Dornier Do. C4	175		
5	United States of America.	Berliner-Joyce P. 16	(178) 160	−45	−21.95

SEC. D. NAVY FIGHTERS, MULTIPLACE (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

Position	Country	Type	Miles per hour	Measured in miles per hour	Measured in percentage
1	Great Britain	Hawker "Osprey"	195		
2	Japan	Licensed to manufacture Hawker, Junkers, and Dornier warplanes.			
3	United States of America.	Vought V. 70	160	−35	−17.95

SEC. E. ARMY OBSERVATION-GENERAL PURPOSE PLANES (WAR-SERVICE ALTITUDE, 15,000/20,000 FEET)

Position	Country	Type	Miles per hour	Measured in miles per hour	Measured in percentage
1	Great Britain	Hawker "Audax"	200		
1	Belgium	Renard R. 31	([2]184) 200		
2	France	Mureaux 112 R. 2	190		
3	Japan	Kawasaki 88 (also licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes).	150		
3	United States of America.	Curtiss "Raven" O-40A	175	−25	−12.50

SEC. F. NAVY OBSERVATION, LAND PLANES-CARRIER PLANES (WAR-SERVICE ALTITUDE 15,000 FEET)

Position	Country	Type	Miles per hour	Measured in miles per hour	Measured in percentage
1	Great Britain	Hawker "Osprey"	(175) 195		
2	Japan	Licensed to manufacture Hawker, Short, Junkers, and Dornier warplanes.			
3	United States of America.	Vought V. 50	160	−35	−17.95

SEC. G. NAVY TORPEDO-BOMBERS, LAND PLANES-CARRIER PLANES (WAR-SERVICE ALTITUDE 10,000 FEET)

Position	Country	Type	Miles per hour	Measured in miles per hour	Measured in percentage
1	Great Britain	Blackburn "Ripon" M. 1/30	150		
2	France	Latecoere 29	140		
3	Japan	Navy 89 (licensed to manufacture Blackburn and Hawker warplanes).	135		
4	United States of America.	Martin MB-2	125	−25	−16.67

[a] Omitted; see note 4.
[1] Rated.
[2] At 15,000 ft.
Left-hand figures in parenthesis make tables agree with Jane's All the World's Aircraft of 1933.

TABLE IV.—*Leading warplanes in table III compared, etc.*—Con.

SEC. H. ARMY FIGHTER-BOMBERS (WAR-SERVICE ALTITUDE 15,000 FEET)

Position	Country	Engine	Miles per hour	United States deficiency in speed at war-service altitudes: Measured in miles per hour	Measured in percentage
1	Great Britain	Vickers B. 19/27	180		
2	United States of America.	Martin YB-10	170		
2	France	Amiot 141 M	170		
3	Japan	Junkers K. 37 (licensed to manufacture Junkers warplanes).	165		
4	Czechoslovakia	Aero A. 42	160	−10	−5.56

SEC. I. ARMY HEAVY BOMBERS—TROOP TRANSPORTS (WAR-SERVICE ALTITUDE 15,000 FEET)

Position	Country	Engine	Miles per hour	Measured in miles per hour	Measured in percentage
1	Great Britain	Fairey	175		
2	Japan	Junkers K 51 (licensed to manufacture Junkers and Dornier warplanes).	160		
2	Italy	Caproni 95	160		
3	France	Liore et Olivier "LeO" 206	140		
4	United States of America.	Keystone B-6A	100	[a]−75	[a]−42.86

SEC. J. NAVY PATROL FLYING BOATS (WAR-SERVICE ALTITUDE, 10,000 FEET)

Position	Country	Engine	Miles per hour	Measured in miles per hour	Measured in percentage
1	Great Britain	Short "Singapore II"	150		
2	Italy	Savoia-Marchetti S-55	135		
2	Holland	Dornier "Wal"	135		
3	Japan	Navy 90-I (licensed to manufacture Short, Blackburn, and Dornier warplanes).	130		
4	France	C.A.M.S. 55-3	125		
5	United States of America.	Martin XP2M-1	120	−30	−20.00

SUPPLEMENTARY—THE RACING PLANES OF THE WORLD

Position	Country	Engine	Miles per hour	Measured in miles per hour	Measured in percentage
1	Italy	Macchi-CastoldiS-M67 (official world's record, 1933).	424.03		
2	Great Britain	Supermarine S-6B (official world's record, 1931).	407.5		
3	France	Bernard 120	310.5		
4	Japan	Licensed to manufacture Rolls-Royce, Hispano-Suiza, and Lorraine airplane engines, and Nieport-Delage airplanes.			
5	United States of America.	Granville "Gee Bee" R-2	294.4		
		Total I, using Vickers "Jockey" (*a*) in sec. A (United States average deficiency in speed, all classes).		−33	−16.81
		Total II, using Hawker "Fury" (*b*) in sec. A (United States average deficiency in speed, all classes).		−31	−16.31
		Total III, racing planes, all types (United States deficiency in speed of racing planes).		−129.63	−30.57

[a] Omitted; see note 4.

NOTE 1.—122 different warplanes have been compared in table III.

NOTE 2.—Tail-gun stations on the warplanes in secs. H, I. and J are behind the tail surfaces. For defensive armament, the use of such a tail gun station gives a warplane 50 percent superiority over a warplane without it.

NOTE 3.—Only the speeds of warplanes at war-service altitudes have been compared in table IV. If rate of climb, war-service ceiling, useful load, and armament were also to be included, the United States average deficiency would be much worse, approximating engine table II.

NOTE 4.—The deficiency figures for the United States in sec. I have been omitted from the average deficiency totals, as the U.S. Army heavy bomber has been superseded by the United States fighter-bomber.

NOTE 5.—Soviet Russia is manufacturing warplanes of its own design, and of German and Italian design. It may be considered as not weaker than the United States in warplanes.

NOTE 6.—A = Air-cooled; P = Prestone-cooled; W = Water-cooled; B = Biplane M = Monoplane; S = Sesquiplane (1½ plane).

BATTLE COMPARISON OF THE LEADING U. S. WARPLANES WITH THE LEADING FOREIGN WARPLANES, 1933

TABLE V.—*U. S. Army fighters attacking foreign-army warplanes*

GROUP A. U. S ARMY FIGHTERS [1] (PURSUIT), 1-PLACE AND MULTIPLACE

Comparison no.	Country	Type of warplane	Maximum speed (m. p. h. at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
1	U.S.A.	Boeing P-26	195	1	2	30,000	Wire-braced monoplane.
		Curtiss "Swift" XP-934.	195	1	2	30,000	Enclosed cockpit.
		Berliner-Joyce P-16	170	2	3	26,000	
		Curtiss "Shrike" A-8	170	2	6	19,800	Ground attack plane.

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GROUP B. FOREIGN ARMY FIGHTERS, 1-PLACE [2]

Country	Type of warplane	Maximum speed (m.p.h. at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain.	Vickers "Jockey" [3].	238	1	2	------	36,000	
	Hawker "Fury" [4].	225	1	2	------	35,000	Vertical power dives, 400 m.p.h.
	Fairey "Firefly II".	225	1	2	------	35,000	
	Bristol "Bulldog IIIA".	200	1	2	------	33,000	
	Gloster S.S. 19	207	1	6	------	32,000	Compare with Curtiss "Shrike".
France	Dewoitine 500	230	1	2	------	35,000	207 m.p.h. at 26,000 feet.
	Nieuport-Delage 121C-1.	225	1	2	------	39,000	Highest war-service ceiling.
	Loire 43 C-1	221	1	2	------	35,000	
	Mureaux 170C-1	220	1	2	------	33,000	
Poland	P.Z.L. P.XI	215	1	2	------	33,000	Allied to France.
Italy	Fiat C.R. 30	214	1	2	------	30,000	
Japan	Kawasaki 92 (K. D. 5)	205	1	2	------	32,000	Licensed to manufacture Hawker and Nieuport-Delage.

GROUP C. FOREIGN ARMY FIGHTERS, MULTIPLACE [5]

Country	Type of warplane	Maximum speed	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain.	Hawker "Demon".	210	2	3	------	32,000	
		210	2	3	------	32,000	
	Fairey "Fox II"	195	3	5	------	31,350	2 engines.
France	Brequet 41 M3	190	3	3	------	33,000	
Japan	Junkers K. 47						Licensed to manufacture Hawker, Brequet, Junkers, and Dornier.
Switzerland	Dornier Do. C4	190	2	4	------	31,150	

GROUP D. FOREIGN ARMY OBSERVATION-GENERAL PURPOSE PLANES [6]

Country	Type of warplane	Maximum speed	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain.	Hawker "Audax".	210	2	3	------	35,000	
	Westland "Wallace".	190	2	3	------	35,000	
France	Mureaux 121 R-2	195	2	4	------	35,000	
	Brequet 27-3	200	2	4	------	30,000	
Belgium	Renard R. 31	205	2	3	------	34,500	
Japan	Kawasaki 88	155	2	4	------	27,000	Licensed to manufacture Hawker, Brequet, Junkers, and Dornier.

GROUP E. FOREIGN ARMY FIGHTER-BOMBERS [7]

Country	Type of warplane	Maximum speed	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain.	Vickers B.19/27	180	4	[8] 2	1	27,000	No gun station amidships.
France	Amiot 141 M	170	5	[8] 3	0	26,000	
Japan	Junkers K. 37	165	4	[8] 3	0	27,000	

[1] These machines cannot even reach the corresponding foreign planes.
[2] Superior in speed and ceiling to U.S. planes in group 1-A. Out of reach of United States planes in group 1-A.
[3] +30 horsepower now (1933).
[4] 250 miles per hour, climb to 4,500 ft. in 1 minute now (1933).
[5] Superior in armament, speed, and ceiling to United States planes in group 1-A Out of reach of United States planes.
[6] No protection required owing to superior armament, speed, and ceiling. Out of reach of United States planes in group 1-A.
[7] No protection required owing to superior defensive armament with tailgun.
[8] Gun stations.

BATTLE COMPARISON OF THE LEADING U. S. WARPLANES WITH THE LEADING FOREIGN WARPLANES, 1933—Continued

TABLE V.—*U. S. Army fighters attacking foreign-army warplanes*—Con.

VERSUS

GROUP F. FOREIGN ARMY HEAVY BOMBERS-TROOP TRANSPORTS [9]

Country	Type of warplane	Maximum speed (m.p.h. at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain	Fairey	175	5	[8] 3	1	25,000	As transport: 4+20 soldiers.
	Vickers 163	150	5	[8] 4	1	20,000	As transport: 4+21 soldiers.
	Boulton & Paul P.32.	155	5	[8] 3	1	18,000	
	Gloster	143	5	[8] 4	1	19,000	As transport: 4+30 soldiers.
Italy	Caproni 95	160	6	[8] 3	1	18,000	Estimated.
Japan	Junkers K .51	160	10	[8] 4	0	24,000	Licensed to manufacture Junkers.
	Kawasaki 87	150	6	[8] 4	0	20,000	Similar to Dornier Do.F.

[8] Gun stations.
[9] No protection required owing to superior defensive armament with tail-gun station. Optional defense by planes in group 1-C.

TABLE VI.—*U.S. Navy fighters attacking foreign navy warplanes*

GROUP A. U.S. NAVY FIGHTERS, 1-PLACE AND MULTIPLACE

Comparison no.	Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
.2	United States of America.	Boeing F4B-4	185	1	2	27,500	
		Curtiss "Goshawk" F11C-2.	180	1	2	25,400	
		Curtiss "Sparrowhawk" F9C-2.	163	1	2	21,700	U.S.S. "Macon" airship defender.
		Berliner-Joyce XFJ-2.	180	1	2	24,700	
		Vought V-70	160	2	3	22,300	
		Curtiss "Helldiver" F8C-7.	160	2	3	22,000	As supplied to U.S. Marine Corps.

VERSUS

GROUP B. FOREIGN NAVY FIGHTERS, 1-PLACE [1]

Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain.	Hawker "Nimrod."	210	1	2	------	35,000	Fastest navy fighter in the world.
Japan	do	205	1	2	------	35,000	License from Great Britain.
Do	Nakajima 90	200	1	2	------	32,000	

GROUP C. FOREIGN NAVY FIGHTERS, MULTIPLACE [1]

Country	Type of warplane	Maximum speed	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain.	Hawker "Osprey."	200	2	3	------	32,000	
Japan	------	------	------	------	------	------	Licensed to manufacture Hawker, Junkers, and Dornier warplanes.

GROUP D. FOREIGN NAVY OBSERVATION, LANDPLANES, AND CARRIER PLANES [2]

Country	Type of warplane	Maximum speed	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain.	Hawker "Osprey."	195	2	3	------	32,000	
	Short "Gurnard."	185	2	3	------	30,000	
Japan	------	------	------	------	------	------	Licensed to manufacture Hawker, Short, Junkers, and Dornier warplanes.

[1] Superior in speed and ceiling to all U.S. planes in group 2-A.
[2] No protection required. Out of reach of all U.S. planes in group 2-A.

TABLE VI.—*U.S. Navy Fighters, etc.*—Continued

VERSUS

GROUP E. FOREIGN NAVY PATROL FLYING BOATS [3]

Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain.	Short "Singapore II."	[4] 150	7	[5] 4	1	16,000	Altitude maintained on 2 engines. 5,580 horsepower maximum.
	Short "Rochester."	[4] 145	10	[5] 4	1	15,000	
	Supermarine "Southampton X."	[4] 125	7	[5] 4	1	15,000	
	Blackburn "Iris V."	[4] 120	5	[5] 3	1	15,000	
Japan	Navy 90-1 navy yard).	[4] 130	6	[5] 4	1	15,000	Cruises at 130 miles per hour.
	Navy 90-2 (Kawaniski).	[4] 125	7	[5] 4	1	15,000	K.F. 1 et seq. Cruises at 124 miles per hour.

[3] No protection required, owning to superior defensive armament with tail-gun station.
[4] Miles per hour at 10,000 feet.
[5] Gun stations.

TABLE VII.—*Foreign army fighters attacking U. S. Army warplanes*

GROUP A. FOREIGN ARMY FIGHTERS, 1-PLACE AND MULTIPLACE

Comparison no.	Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
3	Gt. Britain.	Vickers "Jockey."	238	1	2	36,000	
		Hawker "Fury"	225	1	2	35,000	Vertical power dives, 400 miles per hour.
		Fairey "Firefly II."	225	1	2	35,000	
		Bristol "Bulldog III A."	200	1	2	33,000	
		Gloster S.S. 19	207	1	6	32,000	Compare with Curtiss "Shrike."
		Hawker "Demon."	210	2	3	32,000	
		Fairey "Fox II"	210	2	3	32,000	
	France	Dewoitine 500	230	1	2	35,000	207 miles per hour at 26,000 feet.
		Nieuport-Delage 121 C-1.	225	1	2	39,600	Highest war-service ceiling.
		Loire 43 C-1	221	1	2	35,000	
		Mureaux 170 C-1.	220	1	2	33,000	
		Breguet 41 M 3.	195	3	5	31,350	2 engines.
	Poland	P.Z.L.P. XI	215	1	2	30,000	Allied to France.
	Italy	Fiat C.R. 30	214	1	2	30,000	
	Switzerland.	Dornier Do. C4.	190	2	4	31,150	
	Japan	Kawasaki 92 (K. D. 5).	205	1	2	32,000	
		Junkers K. 47	190	2	3	33,000	Licensed to manufacture Junkers. Licensed to manufacture Hawker, Nieuport-Delage, Breguet and Dorneir warplanes also; and Rolls-Royce, Hispano-Suiza, and other leading European airplane engines.

TABLE VII.—*Foreign Army Fighters attacking U. S. Army warplanes*—Con.

VERSUS

GROUP B. U.S. ARMY FIGHTERS (PURSUIT), 1-PLACE [1]

Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
United States of America.	Boeing P-26	195	1	2	------	30,000	Wire-braced monoplane.
	Curtiss "Swift"-XP-934.	192	1	2	------	30,000	Enclosed cockpit.
GROUP C. U.S. ARMY FIGHTERS, MULTIPLACE [2]							
United States of America.	Berliner-Joyce P-16.	170	2	3	------	26,200	
	Curtiss "Shrike" A-8.	170	2	6	------	19,800	Ground attack plane.
GROUP D. U.S. ARMY OBSERVATION-GENERAL PURPOSE PLANES [3]							
United States of America.	Curtiss "Raven" O-40A.	185	2	2	------	25,400	Retractable landing gear.
	Consolidated 23	180	2	2	------	25,000	
	Douglas O-38S	165	2	2	------	21,500	
GROUP E. U.S. ARMY FIGHTER-BOMBERS [4]							
United States of America.	Martin YB-10, 12, 13 (123).	170	3	[5] 2	------	25,000	Retractable landing gear.
	Boeing B-9	170	4	[5] 2	------	22,600	Do.

[1] Inadequate speed and ceiling against group 3-A.
[2] Inadequate speed, cannot reach planes in group 3-A.
[3] Protection required by United States planes in group 3-A and group 3-B.
[4] Protection required owing to the "blind tail."
[5] Gun stations.

TABLE VIII.—*Foreign navy fighters attacking U.S. Navy warplanes*

GROUP A. FOREIGN NAVY FIGHTERS, 1-PLACE AND MULTIPLACE

Comparison no.	Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
4	Great Britain.	Hawker "Nimrod"	210	1	2	35,000	Fastest navy fighter in the world.
		Hawker "Osprey"	200	2	3	35,000	
4	Japan	Hawker "Nimrod"	205	1	2	32,000	License from Great Britain.
		Nakajima 90	200	1	2	32,000	

VERSUS

GROUP B. U.S. NAVY FIGHTERS, 1-PLACE [1]

Country	Type of warplane	Maximum speed (m.p.h. at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
United States of America.	Boeing F4B-4	185	1	2	27,500	
	Curtiss "Goshawk" F11C-2.	180	1	2	25,400	
	Berliner-Joyce XFJ-2	180	1	2	24,700	

[1] Inadequate speed and ceiling against foreign planes in group 4-A.

TABLE VIII.—*Foreign navy fighters attacking U. S. Navy warplanes*—con.

VERSUS

Country	Type of warplane	Max. speed (m.p.h. at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
GROUP C. U.S. NAVY FIGHTERS, MULTIPLACE [2]							
United States of America.	Curtiss "Hell-diver" F8C-7.	160	2	3	------	22,000	As supplied to U.S. Marine Corps.
	Vought V-70....	160	2	3	------	22,300	
GROUP D. U.S. NAVY OBSERVATION, LAND PLANES-CARRIER PLANES [3]							
United States of America.	Vought V-50....	160	2	3	------	25,000	
	Vought SU-1...	165	2	3	------	25,000	
GROUP E. U.S. NAVY PATROL FLYING BOATS [4]							
United States of America.	Martin XP2M-1 (121).	[5] 120	5	[6] 2	------	14,600	
	Martin XP3M-1 (120).	[5] 100	4	[6] 2	------	12,500	
	Consolidated P2Y-1.	[5] 100	5	[6] 2	------	14,000	
GROUP F. U.S. NAVY AIRSHIPS AND AIRSHIP-DEFENDER PLANES [7]							
United States of America.	"Macon".......	84	81	16	3	30,000	
	Curtiss "Sparrowhawk" F9C-2. [8]	163	1	2	------	21,700	Airship defender plane.

[2] Inadequate speed and ceiling against group 4-A.
[3] Protection required by group 4-B and group 4-C.
[4] Protection required by group 4-B because of "blind tail."
[5] Miles per hour at 10,000 feet.
[6] Gun stations.
[7] Airship defender too slow; cannot reach ceiling.
[8] Cannot return to mother ship at altitude nor defend it at altitude.

The above charts and figures being true it is very evident that the performance of our warplanes and warplane engines are in no position whatever to successfully compete with such planes of several other nations.

This being true it is very evident that a large part of the money we have been spending annually for aviation has been wasted and practically the only benefit we have received has been the training given our aviators, and apparently even this training has been with obsolete and unsatisfactory equipment if the showing made recently by the Army Air Corps in flying the mail is to be taken as a criterion.

THE PRESENT WORLD POSITION OF THE UNITED STATES AIR FORCES

I find that according to an expert the present world position of the United States air forces is as follows:

First. Not higher up than third of the nations in merely the number of warplanes. Three other nations, namely, Italy, Soviet Russia, and Japan, are so close to the United States in this connection that it would be easy for some authorities to place this country sixth of the nations.

Second. Not higher up than sixth of the nations in the number of factories manufacturing warplanes or high-powered airplane engines. In fact, the United States can easily be classed as eighth of the nations in this respect as shown in detail hereinafter.

Third. Definitely the most backward of all the nations manufacturing warplane engines and warplanes in the design of them in service and projected.

Fourth. Its leading warplanes are most deficient in elasticity of performance.

Fifth. Its leading warplanes cannot even reach similar foreign planes to do battle with them.

Sixth. Comparatively, it does not actually make or possess any warplanes.

Seventh. The whole of its air forces could probably be grounded and rendered useless or destroyed by the tiny Belgian air force, given the same type of warplane pilots as the principal combatant nations had in the World War.

Eighth. The whole of its air forces could be grounded and rendered useless or destroyed by 30 percent of the British Royal Air Force, or 40 percent of the French air force, or 50 percent of each of the Italian, Japanese, or Soviet Russian air forces.

Ninth. It will take at least 2 years to catch up with the outside world in design, production, and availability of warplane engines and warplanes if it begins to produce the leading types of these devices under license from the original foreign manufacturers; and at least 3 to 4 years if it proceeds without such foreign licenses, and if the foreign nations concerned stop progress meanwhile.

Tenth. The United States has as much to defend in the sense of actual wealth as the British Empire.

The United States air forces decidedly cannot fight when they like, where they like, or how they like.

The preceding would seem to be emphasized by recent experience with air-mail transport.

The warplane-engine factories of the world, exclusive of diesel engines, are as follows:

Position	Country	Number of factories	Names of factories
1	France.........	7	Delage, Farman, Gnome-Rhone, Hispano-Suiza, Lorraine, Potey, and Renault.
2	Japan..........	5	Aitcha (Lorraine under French license and own air-cooled radial engines), Kawanisi (Rolls-Royce under British license), Kawasaki (B.M.W. under German license), Mitsubiski (Armstrong-Siddeley under British license and Hispano-Suiza under French license and Junkers under German license), Nakajima (Lorraine under French license and Bristol "Jupiter" under British license).
3	Great Britain...	4	Armstrong-Siddeley, Bristol, Napier, and Rolls-Royce.
4	Germany.......	4	B.M.W., Junkers, Mercedes-Benz, and Siemens Halske.
5	Soviet Russia...	4	Amstro (B.M.W. under German license and Hispano-Suiza under French license), Ikar (Bristol "Jupiter" under British license and own water-cooled types), Motor (B.M.W. under German license and Gnome-Rhone under French license), "9 Zawod", translated means "Ninth Factory" (B.M.W. under German license). A series of "M" air-cooled radial engines is also being manufactured in Soviet Russia. Besides the preceding, the British-made Napier "Lion" engines; the French-made Lorraine engines; and the German-made Junkers engines are used. The said factories can produce at least 80 warplane engines per week at present on a peace footing.
6	Italy...........	3	Alfa-Romeo, Fiat, and Isotta-Fraschini.
7	Czechoslovakia.	3	Avia, Praga, and Walters.
8	United States of America.	2	Pratt & Whitney and Wright Aeronautical Corporation, both making only moderately high-powered airplane engines. These factories make principally air-cooled radial engines, the United States being strongly biased in favor of such engines. However, the Wright Corporation also makes the only type of moderately high-powered, liquid-cooled airplane engine in the United States. The United States makes no warplane engines according to the understanding of such an engine abroad. By comparison it resembles a person of athletic appearance but with a weak heart. Thus, the position of the United States is a good eighth with regard to warplane engine factories; in fact, even this places it too far forward. Besides this, it is to be seen that this country has practically all its eggs in one basket, even for production of moderately high-powered airplane engines. The warplane engine has long passed its "horse-and-buggy" stage of the World War. It is not now possible for the United States to repeat its feat with the "Liberty 12" installation in that war, in connection with the modern warplane engine. The grave difficulties experienced by the Curtiss Aeroplane & Motor Co., Inc., of Buffalo, N.Y., and all other aviation factories in the United States, with warplane production during the World War should not have been consigned to oblivion. In consequence they will now be much greater. It is only possible now to use efficient commercial-type airplanes as very poor auxiliaries in war. In fact, they are basically as far as possible removed from modern war service. The lore acquired by their pilots and crews has to be jettisoned and replaced by real warplane experience before such pilots and crews can be usefully employed in war—qualified to face the deadly air attacks of only seconds in duration. Finally, the United States air forces are hybrid to such extent, owing to civilian engineering and operational influence, that it is doubtful that they can perform either war service or civil transportation satisfactorily.

The aforesaid foreign warplane-engine factories are large factories with more war experience than any corresponding factory in the United States. Many of these foreign factories are world famous for the best of reasons—excellence of products in war and in peace. All of these factories are in the position to swing into maximum production at the peak of possible improvement of their products on the outbreak of war. This cannot be said of any United States aviation-engine factory.

The Mitsubishi Aircraft Co., Ltd., of Nagoya, Japan, is an example of the size of the said foreign factories. In 1931 it covered 59 acres and had 2,500 employees. Now it covers about 70 acres and has over 4,000 employees. It is a branch of the great Japanese armament, engineering, and shipbuilding firm at Mitsubishi, Busan & Kaisha, and was originally sponsored by the giant British armament firm of Vickers, Ltd., to which no United States manufacturer can even approach for war experience throughout the world.

COMPARATIVE FRONTAL AREAS OF WATER-COOLED AND AIR-COOLED WARPLANE ENGINES

The superiority for airplanes and warplane performance of the high-powered, water-cooled engine over the corresponding air-cooled radial engine, which is recognized abroad, is demonstrated by the following table of frontal areas:

Engine type	Approximate frontal area engine (square feet)	Approximate frontal area radiator (square feet)	Make of engine
6-cylinder in line	3	1½–2	German, Junkers Jumo-4.
12-cylinder "V"	4	1½–2	British, Rolls-Royce; French, Hispano-Suiza; etc.
14-cylinder radial (44-inch diameter).	10	----------	American, Pratt & Whitney (Twin Wasp Jr.).
14-cylinder radial (48-inch diameter).	12	----------	American, Pratt & Whitney (Twin Wasp).
9-cylinder radial (56-inch diameter).	16	----------	American, Pratt & Whitney (Hornet T.I.C.).

The water-cooled engines are much easier to "stream line", and have the additional advantage of affording much better visibility for the pilot-gunner in the fighter types of warplanes—a matter of greatest importance. The Townend ring and N.A.C.A. cowling have helped to reduce the frontal resistance of air-cooled engines slightly, enabling increase of the speed of the plane by a few miles per hour. The disadvantages of increased weight of cooling equipment are more than offset by the greatly reduced frontal area and lighter and better stream lining possibilities of the water-cooled engine.

The weights per rated horsepower of water-cooled engines usually include only the air-screw hub, magnetoes, carburetors, supercharger, and gearing, if any. The weight of the radiator, cooling water, piping, and so forth, is equal to about 0.4 to 0.5 pound per rated horsepower.

THE AIR TRUST

Investigation has disclosed the shackled state of the aviation industry of the United States.

The structure of that portion of the aviation industry of the United States which is producing warplane engines and warplanes is assembled as follows:

(a) The United Aircraft & Transport Corporation, New York, N.Y., which comprises the following:

First. Boeing Airplane Co., Seattle, Wash., airplanes and warplanes.

Second. Stearman Aircraft Co., Wichita, Kans., airplanes.

Third. Sikorsky Aircraft Corporation, Bridgeport, Conn., airplanes and warplanes.

Fourth. Chance-Vought Corporation, East Hartford, Conn., warplanes.

Fifth. Pratt & Whitney Aircraft Co., East Hartford, Conn., P. & W. Wasp and Hornet air-cooled radial airplane and warplane engines.

Sixth. Hamilton Propeller Co., East Hartford, Conn., airplane and warplane propellers.

Seventh. Boeing School of Aeronautics, Oakland, Calif., flying service.

Eighth. United Aircraft Exports, Inc., New York, N.Y.

Ninth. Boeing Aircraft of Canada, Ltd., Vancouver, British Columbia.

This group of firms, probably the largest aircraft trust in the United States, is not free to make its own decisions on aviation matters. Possibly its technical and other material becomes speedily known to foreign countries. It is controlled by the National City Co. and the National City Bank of New York and by the Morgan international financial interests.

(b) The Goodyear-Zeppelin Corporation, Akron, Ohio. This corporation is the manufacturer of the rigid United States airship *Akron, ZRS-4*—destroyed by a storm in April 1933—and the new rigid United States airship *Macon, ZRS-5*, of United States Naval Aviation, the new nonrigid coastal patrol, 65 miles per hour, United States airship *TC-13*, of the United States Army Air Corps, and other slower and smaller nonrigid airships. It owns the Zeppelin rights for the United States and controls airship work previously undertaken by the Goodyear Tire & Rubber Co. Probably all its technical and other material soon becomes known to Germany and other foreign countries. The National City Co. and the National City Bank of New York and the Morgan international financial interests are concerned with the Goodyear-Zeppelin Corporation.

Its activities have led the United States taxpayer into a useless expenditure on gas-filled airships during the years 1930–33 of at least $20,000,000, which has largely benefited the Mellon-controlled Aluminum Co. of America.

This unnecessary expenditure of time, energy, and money is still being caused to mount rapidly. What is even more serious, it detracts not less than to an equal extent from the development of airplanes and warplanes and their engines. It is altogether the wrong way for the United States to recognize foreign or aviation ability.

(c) The Curtiss-Wright Corporation, New York, N.Y., which comprises the following:

First. Curtiss Aeroplane & Motor Co., Buffalo, N.Y., airplanes and warplanes.

Second. Keystone Aircraft Corporation, Bristol, Pa., airplanes and warplanes.

Third. Curtiss-Wright Airplane Co., St. Louis, Mo., airplanes.

Fourth. Wright Aeronautical Corporation, Paterson, N.J., Curtiss D-12 (450/500 rated horsepower, water-cooled) and "Conqueror", "Prestone"-cooled, airplane and warplane engines, and Wright "Cyclone" and "Whirlwind" air-cooled radial airplane and warplane engines.

Fifth. Curtiss-Wright Flying Service, flying service.

Sixth. Curtiss-Wright Export Corporation, New York, N.Y.

Seventh. Canadian Wright, Ltd., Montreal, Canada.

This group of firms constitutes another Aircraft Trust in the United States, and it is about the size of the United Aircraft & Transport Corporation already referred to. The Curtiss-Wright Corporation is likewise not free to make its own decision on aviation matters. Possibly all its technical and other material also becomes quickly known to foreign countries. In the background the Chase National Bank and the Rockefeller financial interests are concerned with the Curtiss-Wright Corporation. The Bank of the Manhattan Co., the City Bank Farmers Trust Co., the Central Hanover Bank & Trust Co., and the Marine Bank of Buffalo, N.Y., appear more prominently as this corporation's bankers.

The Curtiss-Wright Corporation and the United Aircraft & Transport Corporation between them control the aviation industry of the United States. Their pattern is the same, and they present a united front to any third party, including the Government of the United States. They monopolize the manufacture of airplane and warplane engines in this country. It is the case with both of them, that the last word on whether or not they shall adopt any aviation improvement or invention lies not with their technical executives but with their outside unqualified financial masters. These groups maintain a pool of patents that discourages the offer and adoption of any aviation improvement or invention from without, and deprives their own personnel of real incentive to make any such improvement or invention. Neither of the groups has been responsible for the introduction or adoption of any actual improvements in aircraft or aircraft engines.

They have been and are being caused by the purely financial powers behind them to adhere to the false manufacturing policy in a competitive market of maximum reproduction with minimum improvement. Although the trust builders and stock manipulators of these combines have prevented competition in the design and production of aircraft and aircraft engines in the United States, they have been, naturally, unable even to slow down that of foreign countries; and so, as the appended charts show, their progress has made the United States air defense a negligible factor in the world today.

The only momentous development in aircraft production which any of these financial interests has supported is the already referred to extremely costly and unnecessary one of the gas-filled airships which can be made to call for much greater lump sums of money from the United States Treasury, be more spectacular than any other form of aircraft production as yet, and benefit the Aluminum Co. of America. No foreign nation would tolerate in the path of the development of its air defense any such double-faceted single block of private interests as the United Aircraft & Transport Corporation and the Curtiss-Wright Corporation nor any such conflicting appendage of the financial systems behind either or both of them as the Goodyear-Zeppelin Corporation.

(d) North American Aviation, Inc., New York, N.Y., which comprises the following:

First. Berliner-Joyce Aircraft Corporation, Baltimore, Md., warplanes.

Second. Douglas Aircraft Co., Inc., Santa Monica, Calif., airplanes and warplanes.

Third. Sperry Gyroscope Co., Inc., Brooklyn, N.Y.

Fourth. Ford Instrument Co., Long Island City, N.Y.

Fifth. Transcontinental & Western Air, Inc., New York, N.Y.

Sixth. Eastern Air Transport, Inc., Brooklyn, N.Y.

This smaller aircraft combine is, perforce, subject to the United Aircraft & Transport Corporation and the Curtiss-Wright Corporation because of its dependence upon them for airplane and warplane engines, their ascendancy in the aviation industry of the United States, the market they provide, the great financial powers behind them, and interlocking interests in general.

(e) The leading allegedly individual firms engaged in warplane production in the United States are the following:

First. Bellanca Aircraft Corporation, New Castle, Del.

Second. Consolidated Aircraft Corporation, Buffalo, N.Y.

Third. Glenn L. Martin Co., Baltimore, Md.

Fourth. Great Lakes Aircraft Corporation, Cleveland, Ohio.

Fifth. Grumman Aircraft Engineering Corporation, Valley Stream, Long Island, N.Y.

Sixth. Hall-Aluminum Aircraft Co., Buffalo, N.Y., affiliate of the said Aluminum Co. of America, New York, N.Y., the Mellon-controlled Aluminum Trust.

Now, some of these firms even have been absorbed by the aforesaid North American Aviation Corporation.

These six concerns together merely approximate the size of only the Curtiss-Wright Corporation. They are more or less independent as regards each other and North American Aviation, Inc., but they are, perforce, subject to the United Aircraft & Transport Corporation and the Curtiss-Wright Corporation for the same reasons that North American Aviation, Inc., works hand in hand with these two ascendant combines.

Thus at least all the worth-while limbs of the aviation industry of the United States engaged in producing warplane engines and warplanes are shackled as heavily as possible by the limitations of the private and wholly financial interests of the Wall and Pine Streets area of New York. No foreign country manufacturing warplane engines and warplanes permits any similar restriction of its aviation industry.

These interests have dictated and persisted in the false manufacturing policy of maximum reproduction with minimum improvement in the highly specialized and competitive field of warplane engines and warplanes.

Although this policy is the line of least resistance for purely financial interests to follow, it is treacherously harmful to industry in general and to the manufacture of devices for war in particular. The extent to which it has been caused to prevail in the United States has made this country paramount in reproductive means for obsolete or obsolescent finished products and the least protected against internal price cutting and unemployment. It has been largely responsible for the United States lacking competent air defense.

The private banking and similar financial interests of the United States are the arch priests of this untruthful doctrine, and not this country's comparatively few, efficient, and quite independent manufacturers, such as Mr. Henry Ford. The historical Ford automobile model T, which received throughout the world more nicknames—including "Tin Lizzie" and "Spider Car"—than anything else has ever done, is not an example of maximum reproduction with minimum improvement in a competitive market, even though some 15,000,000 of these automobiles were made and sold without appreciable change for many years up to 1928. It was uniquely constituted for the road surfaces of its heyday, and so it cost less all around to own and operate than any other automobile. It could be made to get anywhere with the least amount of trouble.

During the World War the British Royal Army Service Corps, operating against the Germans in the wilds of Africa, kept official records of the mileage that various types of automobiles could be relied upon to make without having to be abandoned. These records proved that the Ford model T made by far the greatest mileage per car and that it was the only type of automobile to give satisfactory service in these African campaigns. Improvement of road surfaces and not any advance made by the automobile industry in general has been the principal reason for the Ford model T being superseded in 1929 by the Ford model A, and this type being followed by the Ford model V-8 in 1932, and so on.

While road surfaces guided Mr. Henry Ford, the automobile industry generally was guided by mechanical detail. This caused him to lead in the prevention, rather than the cure of automobile failures, somewhat like the sanitary engineers who, through attention to first considerations, have been more responsible by prevention of disease, than the doctors have been by cures of the sick for the improvement in the general health of civilized communities. It was principally responsible for Mr. Ford's phenomenal success as an automobile manufacturer. He satisfied the chief demand in connection with automobiles, and stubbornly kept on doing so. Those responsible for United States air defense have not yet embarked upon this policy in connection with it, as this country has no real air defense.

The fostering of maximum reproduction with minimum improvement naturally entailed the shutting out from production in the United States for this country's air forces of foreign warplane engines and warplanes under license from their original manufacturers abroad.

WEAKNESS OF THE UNITED STATES WARPLANE ENGINE PROGRESS LIES IN INSUFFICIENT DEVELOPMENT OF AVIATION ENGINE SUPERCHARGERS

Superchargers are used on a rapidly growing number of aviation engines today to increase or boost the power of the latter at high altitudes, particularly for war planes, and to maintain an increased, constant power output from sea level to the maximum boost altitude.

A supercharger forces a super, or additional charge, of fuel into an aviation engine, and thereby boosts or increases its power. Without a supercharger the power of an aviation engine falls off rapidly as an airplane or airship climbs, but with a supercharger not only is the sea-level power output of an aviation engine greatly increased but this increased power is maintained up to the supercharger altitude, which varies for the most part between 12,000 and 20,000 feet at present.

Since a full supercharger maintains for an airplane a much faster rate of climb and speed at high altitude, it is recognized as indispensable for warplanes. But a supercharger is also useful in a moderate form for other types of planes for economical service—some of these planes may be for war purposes also.

There are two principal methods of supercharging used, but the results obtained are the same. Mechanically these two types of superchargers are somewhat similar, the rotating element consisting of an impeller or fan which is driven at high speed through gearing from the engine crankshaft. A flexible friction drive is provided to protect the gearing against damage upon sudden acceleration or acceleration of the engine due to the inertia of the impeller. The gear ratio varies from 1:6 in moderate superchargers to 1:10 in full superchargers, the normal speed of the impeller being from 12,000 revolutions per minute to 32,000 revolutions per minute for different types of aviation engines. Maximum impeller speeds often exceed 25,000 revolutions per minute.

In the United States and Great Britain the accepted practice is to connect the supercharger on the output end of the carburetor so that it sucks the mixture from the carburetor and forces it into the engine. This system is used on the American Curtiss "Conqueror", the British Rolls-Royce "Kestrel" and "Buzzard", and the various radial air-cooled engines. The French Lorraine "Petrel", one of the lightest aviation engines in the world for its power—500 horsepower at 14,850 feet, 1.09 pounds per horsepower—uses a 2-speed supercharger of this type.

Most of the French aviation engines, however, are fitted with a supercharger connected to the input end of the carburetor, which blows air through the carburetor into the engine. The new Delage inverted engine has two positive Roots-type blowers which operate on this principle and which maintain the sea-level power output of the engine up to 16,500 feet. The French Hispano-Suiza engines have blower-type supercharges with automatic air-pressure regulators. The French Farman inverted engine has a 2-speed Farman supercharger of this type controlled by the pilot, which functions up to 6,000 feet and 18,000 feet altitudes.

A moderate supercharger gives increased power to the engine for taking off and maintains power to 2,000 or 3,000 feet altitude. A full supercharger maintains the sea-level rated power of the engine up to at least 12,000 feet altitude—the United States maximum. In Europe and Japan supercharge altitudes for warplanes (with correspondingly increased engine powers) are very much higher, going up to 18,000 feet and 25,000 feet. Thus, European and Japanese warplanes can maintain engine output and corresponding performance from sea level to 25,000 feet, which is vastly superior to the capabilities of United States warplanes. This deficiency is a principal fault in the United States warplanes and makes the whole of the United States air forces of the present time practically useless. It should be remedied in all new warplanes contracted for by the United States; otherwise all the additional expenditures involved by these new warplanes will be wasteful. As such remedy entails redesign and reconstruction of the United States warplane engines, it will take at least 3 to 4 years to carry out if the manufacture in the United States of foreign warplane engines is still excluded; otherwise it will take at least 2 years to accomplish. This means that immediate wholesale manufacture in the United States of new warplanes without imported foreign engines for them will be largely extravagant.

As regards boost control. It is essential to provide against serious damage to a fully supercharged aviation engine which would result from the unrestricted use of full throttle and supercharger at low altitudes. An automatic boost control or gate control is used to prevent such full-throttle opening and is controlled by atmospheric pressure or other means. It automatically opens the throttle sufficiently when climbing to keep the engine operating at normal boost power up to its maximum boost altitude. Above this altitude, of course, the power of the engine decreases up to the ceiling of the plane.

In an emergency, at low altitude, such as an overshot landing in a small field or on an airplane carrier, the momentary use of the full sea-level supercharged power of the engine should be provided for to gain flying speed and altitude which will frequently save a serious crash.

The full sea-level supercharged power of the 600-horsepower British Rolls-Royce Kestrel II S warplane engine is equivalent to 1,200 horsepower, that of the 500-horsepower French Hispano-Suiza 12 Xbrs warplane engine is equivalent to 1,120 horsepower, and of the larger 600-horsepower French Hispano-Suiza 12 Ybrs is equivalent to 1,490 horsepower.

The Rolls-Royce Kestrel II S supercharged warplane engine has an automatic gate control which normally functions up to the maximum boost altitude, but it also has an emergency feature—a pilot can "go through the gate", as with the gear shift of an automobile, for a few moments to have the use of the enormous full sea-level supercharged power of the engine, a most excellent form of life insurance in battle.

In conclusion, it is to be readily seen from this question of supercharging aviation engines that commercial planes are unsatisfactory for war purposes and that warplane pilots have to be specially trained.

The aforesaid very backward position of the United States air forces is principally due to the bankers' control of the American aviation industry, which has naturally fostered maximum production with minimum improvement instead of moderate production with maximum improvement. In case of war at the present time, the United States has only quantity production facilities for obsolete or obsolescent warplane engines and warplanes instead of being able to swing into quantity production of such devices at their maximum point of improvement.

The foregoing deals with the question of supercharging aviation engines in the simplest terms. It does not go into such matters as the three-stage supercharger of the French Farman 8V.I. aviation engine for an ultimate ceiling of 80,000 feet, nor with the use of oxygen and similar subjects.

PRESTONE COOLING FOR WARPLANE ENGINES

Warplane-engine development in the United States has been additionally interfered with by Prestone cooling, a form of liquid cooling of aviation engines.

This mixture, as used for the American Curtiss Conquerer SV-1570-type aviation engine, is ethylene-glycol, with about 5 percent water added to prevent freezing.

Advantages:

First. Saves weight, about 0.2 pound per horsepower, or 120 pounds for 600 horsepower. This, however, amounts to a saving of only 44 pounds on the weight of the corresponding French Hispano-Suiza 12 Xbrs., which develops much more power, i.e., 710 horsepower at an altitude of 13,200 feet.

Second. Saves area of radiator by 35 percent, but the tunnel radiator practically wipes this out.

Disadvantages:

Besides obstructing full supercharging of the engine, these are as follows:

First. Engine must be run at a higher temperature (250° to 180° F.)

Second. Power of engine is limited by higher temperature.

Third. Life of engine is shortened by higher temperature.

Fourth. Life of lubricating oil is shortened by higher temperature.

Fifth. Difficult to cool the pistons properly.

Sixth. Difficult to lubricate engine; oil flow must be increased.

Seventh. Engine clearances must be greater; more wear, more noise.

Eighth. Strength of aluminum alloys may be affected.

Ninth. Coolant has more tendency to leak, requiring special gaskets to withstand the combination of coolant and higher temperature.

Tenth. Special rubber-hose joints in the cooling system are required to withstand the higher temperature.

Eleventh. The radiator must be made stronger, using special solder.

Twelfth. The engine cannot be cooled by water in an emergency.

The aforesaid explains the aversion to this cooling mixture for aviation engines abroad. It has interfered with the development of the liquid-cooled aviation engine in the United States for several years.

The hereinbefore set out at-a-glance tables of the world's leading warplane engines and warplanes show the actual position of the United States air forces in detail. The position revealed by this survey reminds one forcibly of the advice, " Scrap the lot ", of the late British Admiral of the Fleet and First Sea Lord, Lord Fisher, to the British Board of Admiralty in connection with unsatisfactory equipment and administration of the British Fleet at the time. Lord Fisher had the strength of character to carry out this policy, and did so.

A UNIFIED AIR FORCE

It would seem that the United States Army Air Corps and Naval Aviation would be benefited greatly by being merged into a single United States air force under a department of aviation presided over by a secretary and two assistant secretaries for aviation. This department of aviation should be divided into an air staff, responsible for the air force, and a civil aviation branch, responsible for civil aviation. The air force should be directed by a chief of the air staff. All of the said officials should constitute together an aviation council, headed by the secretary for aviation, within the department of aviation. This department should be able to sue and be sued in the same way as a citizen of the United States may sue or be sued by a fellow citizen, and therefore be subject to this strict control by law.

As an air force is a mechanized force operating three-dimensionally, the pay of the pilots, flying observers, designers, engineers, and mechanics of the air force should be made to compare favorably with corresponding civil aviation pay. In addition, pilots, their observers, and the mechanics responsible for their machines should receive a cash bonus for each hour of actual flying without accident, but with a suitable cash penalty applying only to such bonus in the case of any accident due to them.

The present practice of inviting competitive manufacturing bids for proprietary aviation devices be abandoned, and replaced by the grant of contracts on solely a net cost (including labor) plus a suitable percentage.

A mobile aircraft inspection section should be formed in such a way that intimacy with contractors is reduced to minimum.

The present policy of buying in quantity airplanes for war purposes, and their engines, be discontinued.

The present policy of maximum reproduction with minimum improvement of warplanes and their engines be dropped as beneficial only to commercial bankers and the like.

All gas-filled airships and amphibian planes for war purposes be jettisoned as of no war value and a sheer waste of the taxpayers' money.

The United States might well acquire the license to manufacture at home certain foreign types of warplane engines and warplanes. Payments for such licenses to be an offset in kind against debt payments owed to the United States by the foreign countries concerned.

The type percentages of warplanes in the present United States Army and Navy Air Force is unsatisfactory, as shown by the following:

Warplanes:	Percent of total
1. Fighters	28.89
2. Observation planes	48.89
3. Other types	22.22

It will be seen from this that the largest part of the equipment in planes of the United States air defense consists of observation planes, known as " joy riders " in England, and I believe called " air-taxis " for officers in this country. The present allotment of planes to war vessels of the United States Battle Fleet is 4 observation planes per cruiser, and 3 observation planes per battleship, which provide excellent taxi facilities.

The type percentages of warplanes should be modified as follows:

Warplanes:	Percent of total
1. Fighters	62.5
2. Observation planes	15.0
3. Other types	22.5

The allotment of planes to the battle fleet should be altered to 3 fighters and 1 observation plane per cruiser and 2 fighters and 1 observation plane per battleship. There is a demand to very greatly increase the number of planes of the Army and Navy Air Corps. If the planes be made really efficient, the number need not be so great. A total of about 2,000 to 2,500 planes should form a substantial air force.

As the United States has some very large and wealthy cities to protect, at least nine, special combat squadrons should be formed and stationed in these cities, these squadrons to be known as the " city defense squadrons." They should consist of one-place fighters, specially made with enclosed cockpit and designed capable of high-altitude, combat-patrol service, with a speed of not less than 240 miles per hour at 25,000 feet and war-service ceiling of 40,000.

ALUMINUM OR STAINLESS STEEL?

The practically universal use of aluminum alloys in the construction of warplanes of the United States Air Forces should be either terminated altogether or very drastically curtailed. This usage of aluminum would appear to benefit only the aluminum interests in this country. The action of sea water—salt water—is not favorable to this material in Navy planes; besides, it is very prone to perishing; also it is merely a superstition that an airplane constructed of aluminum or duraluminum or similar aluminum alloys is necessarily lighter than one constructed of steel. In fact, the aluminum plane works out to be the heavier one because of the weakness of the material.

In foreign countries aluminum is being rapidly dropped as a structural element in warplanes. Great Britain has now switched to stainless-steel structure for navy and other planes, and exhaustive tests of this material in completed warplanes have proved its great superiority over aluminum for lightness, strength, and in every other way. Great Britain already has indestructible stainless-steel seaplane floats and flying-boat hulls tested in actual collisions. Machines constructed of stainless steel require much less ground attention, and so effect a great all-around saving which offsets very favorably any increase of initial cost of production. In the United States are some factories capable of producing excellent stainless steel for warplanes, but they are not encouraged. Great Britain has always been suspicious of aluminum for the construction of airplanes.

MR. WARNER'S POSITION

In the statement made by Mr. Edward P. Warner, editor of Aviation, in the committee hearings, there are several references to the aforesaid at-a-glance tables. In the latter part of 1926 he was responsible for an order by the Navy Department to the Pratt-Whitney Co. of 200 radial air-cooled engines of nominal horsepower, each of 400 horsepower, at a price of $9,250 each. Before this order was obtained by the Pratt-Whitney Co., they had had practically no experience of aviation-engine manufacture. They had made only about three engines, for which they had been paid $15,000 each by the Navy Department. This engine was named the " Wasp ", and nothing in it was new or superior, or even equal, to other radial air-cooled engines existing at the time. Thus there was really no experimental work to be done. It was really a question of teaching the Pratt-Whitney Co. to make a very ordinary aviation engine, and at a time when they had practically no factory facilities for aviation engines. If in these circumstances the company was satisfied with $15,000 apiece for three engines, the price of $9,250 each for 200 engines was unconscionably high, and certainly included provision that the United States Government should pay in advance for the teaching of Pratt-Whitney Co. to make aviation engines and to equip them so that they would become an unnecessary competitor with a mediocre article of an older aviation-engine manufacturer in the United States—the Wright Co.

The circumstances make clear a situation in which a company promoter or stock speculator would be provided with a sort of manna from heaven, upon which he could transform very little capital into enormous profits.

In a period of about a couple of years or so the Wasp engine price became reduced to less than $5,000 each, due principally to the fact that nothing was done to supply the Navy Department with a better engine for war purposes than was necessary for an ordinary commercial plane. In other words, the practice was to reproduce both for war purposes and commercial purposes exactly the same engine as many times as possible so as to bring in as large a return as could be obtained for the capital invested.

Thus the figures for warplane engines of the United States set out in the preceding tables are fully confirmed. These figures show no special warplane engine development for the United States.

At the time that the Pratt-Whitney Co. aviation-engine enterprise was so colossally boosted by the Navy Department there existed in Great Britain an aviation engine known as the "Bristol Jupiter", behind which there was a number of years of warplane service experience and which was in all respects a superior engine to the said Pratt-Whitney Wasp. A responsible American firm had laid themselves out to manufacture this engine in the United States, but they were given practically no support to do so.

The Bristol Jupiter engine is manufactured under license in at least six countries outside of England. Incidentally, in 1932 that fine American naval flyer, Capt. Alford Williams, D.F.C., owned a Curtiss Hawk with a Bristol Jupiter engine. All Colonel Lindbergh's great flights have been made with Wright engines.

Mr. Warner says that the British Government paid about the same price as the United States Government for radial engines. This may be so, but the British engines maintained power up to 15,000 feet at the time, whereas the Pratt-Whitney Wasp dropped about 50 horsepower at 4,000 feet at this time.

The Pratt-Whitney should not have been given the said order for 200 engines. It would have served the Navy Department better to have placed an order at the time for only 50 engines, as would be the practice in the strictly supervised foreign countries.

Mr. Warner's qualifications for recommending or approving any warplane engine orders were well illustrated by his own description in the July 1932 issue of Aviation of the Boeing XP-936 pursuit plane of the United States Army Air Corps that its "general appearance suggests something over 220 miles per hour at low altitudes." Just how this shows efficiently in a pursuit ship is very obscure. And what speed would the general appearance suggest at the recognized war-service altitudes of 15,000 feet and 20,000 feet?

It would seem that he was then in sympathy with Maj. Louis K. Hibb's ridiculous theory that the United States air forces should operate by "hedge hopping", published in the Field Artillery Journal in 1933. One reason prompting this being that then American warplanes would blend with the ground and so escape being attacked. No idea of attacking enemy planes here, merely running away from them.

Mr. Warner refers to the French Delage G.V.I.S., 450-horsepower aviation engine as merely a racing-plane engine, and ignores the fact that this engine maintains that power up to the altitude of 16,500 feet which is altogether too high an altitude for racing planes under usual circumstances. As the French air forces consist of many thousands of warplanes, it is quite possible that Mr. Warner has not noticed the Delage engine amongst them to any great degree.

He also refers to the fact that there is more than one liquid used for cooling aviation engines. This is barely noticeable abroad, but in the United States, Prestone cooling is practiced. Although Mr. Warner thinks this system a great tribute to the country, there is shown hereinbefore the exact value of Prestone cooling for warplane engines. He has informed the committee that Mr. MacKenzie-Kennedy is the only person who classes planes by horsepower in the aforesaid tables. This confirms that he has little recollection of them. In the tables referred to, planes are not classed by horsepower, as will be seen from them. The only table that is classed by horsepower is the warplane-engine table which is reasonable. By referring to his magazine, Aviation, for April 1934, we find that Mr. Warner is now using a similar classification for American airplanes, but he refuses to vouch for their accuracy.

He refers to the British Hawker Super-Fury fighter as not yet out of the development stage. It was last year a unit of the Royal Air Force. Mr. Warner's notions with regard to rapid climbing for planes seem to be confined to something to do with crossing the English Channel, but, as the great French war ace, Guynemer, always emphasized, it was exceedingly convenient to possess this facility in air combat. The committee is referred to the book—Guynemer, Knight of the Air—published by Harvard University Press.

Mr. Warner skipped the fact that the Pratt-Whitney Wasp engines are in several models of more or less horsepower, and so he conveys an exaggerated impression of improvement. The United States Army and Navy programs of about 340 and 225 planes for the 6 months ending December 1933 and 18 months ending December 1933, respectively, support the impression that the said Pratt-Whitney 400-horsepower model was being supplied quite recently.

It appears that Mr. Warner very materially champions the Pratt-Whitney concern, both by his statements and his silences. It seems, however, that Pratt-Whitney is merely an incubus on United States air defense. It only duplicates unnecessarily the Wright engine factory. Pratt-Whitney might with benefit to the country be made to manufacture a good foreign water-cooled engine under license obtained by the Nation, as aforesaid.

Aviation trade periodicals still have a limited circulation, and this enhances the value of a consistently big advertiser. Thus, members of the staff of such journals are not called upon abroad for information likely to operate against their advertisers.

The aforesaid is the extension of my remarks on March 6 in the CONGRESSIONAL RECORD (pp. 3864-3869). I have also had other Government experts on aeronautics check the accuracy of these charts of warplane engines and warplanes and they have stated that they are conservative but accurate.

THE PRESIDENT WANTS COMPETITION

I insert in the record at this time statements issued by President Roosevelt March 8 and March 10, 1934, showing his attitude on this question at this time, and particularly calling to the attention of Congress his ideas on this question as follows:

"Any combinations, agreements, or understandings intended to prevent free competitive bidding should be prevented and such action should be a basis for cancelation of contracts."

The President further states:

"Such safeguards should be provided as will prevent the evil practices of excessive salaries, unearned bonuses, and illegitimate personal-expense accounts detrimental to the interests of legitimate stockholders and the public."

The President further emphasizes:

"Real competition between the manufacturing companies will stimulate inventive genius, and should give to our people safer and better equipment, both for commercial and military purposes."

These recommendations should be written into law governing future procurement of aircraft for the Army and Navy. The full text of the President's letters of March 8 and 10 is as follows:

PRESIDENT'S LETTER OF MARCH 8, 1934, ON AIR MAIL

President Roosevelt's letter urging return of the air mail to private carriers, addressed to Chairmen McKELLAR and MEAD, of the Senate and House Committees on Post Offices and Post Roads, and Senator BLACK, of the Air Mail Investigating Committee, follows:

MY DEAR MR. CHAIRMAN: Our domestic air-mail contracts have been canceled. The Army Air Corps is temporarily carrying the air mail. I believe we should make new contracts with commercial air carriers as soon as possible to carry the greater part of our air mail.

To protect the public interest and to provide for new contracts on a basis of honest payment for honest service, I suggest new legislation on this subject.

ENCOURAGES INDUSTRY

We must avoid the evils of the past and at the same time encourage the sound development of the aviation industry.

I suggest that new air-mail contracts be let for a period not exceeding 3 years on full, open, and fair competitive bidding, with a limitation of the rate of compensation above which no contract will be awarded.

Any combinations, agreements, or understandings, intended to prevent free competitive bidding should be prevented and such action should be a basis for cancelation of contracts.

In order that the bidding shall be really competitive, I suggest that in determining the specifications for proper equipment, only speed, useful load capacity, and safety factors and safety devices should be considered.

So that all companies desiring to qualify and bid may have an opportunity fully to prepare themselves for actual service, I suggest that after the contract is awarded a period of not longer than 6 months shall be allowed the successful bidder to qualify under the terms of the law and the bid.

INTERSTATE COMMERCE COMMISSION SUPERVISION URGED

It is my judgment that 6 months before expiration of the contracts made under competitive bidding the Interstate Commerce Commission should pass upon the question of public convenience and necessity of air-mail routes, and thereafter fix a maximum rate of air-mail pay on the routes designated, subject, of course, to equipment specifications to be laid down.

I suggest that the proposed law prohibit the award of an air-mail contract to any company having connections with subsidiaries, affiliates, associates, or holding companies, directly or indirectly, by stock ownership, interlocking directorates, interlocking officers, or otherwise, if said subsidiaries, affiliates, associates, or holding companies are engaged, directly or indirectly, in the operation of competitive routes or in the manufacturing of aircraft, or other materials or accessories used generally in the aviation industry.

MAY BAR CONTRACT SALES

No air-mail contract should be sublet or sold to any other contracting company nor should a mail contractor be allowed to merge or consolidate with another company holding an air-mail contract. Obviously, also, no contract should be made with any companies, old or new, any of whose officers were party to the obtaining of former contracts under circumstances which were clearly contrary to good faith and public policy.

Such safeguards should be provided as will prevent the evil practices of excessive salaries, unearned bonuses, and illegitimate personal expense accounts detrimental to the interests of legitimate stockholders and the public.

Public safety calls for pilots of high character and great skill. The occupation is a hazardous one. Therefore, the law should provide for a method to fix maximum flying hours, minimum pay, and a system for retirement or annuity benefits.

WANTS SOUND POLICY

Enactment of legislation along the lines suggested will establish a sound, stable, and permanent air-mail policy. The knowledge that the Interstate Commerce Commission, a judicial body, will hereafter regulate air transportation routes and air-mail pay will remove uncertainty as to routes and mail pay.

Such legislation will relieve air transport companies from paralyzing monopolistic control which has heretofore often influenced them to buy planes and other equipment from associates and affiliates.

Real competition between the manufacturing companies will stimulate inventive genius, and should give to our people safer and better equipment both for commercial and military purposes.

I am sending letters similar to this to Representative MEAD, Chairman House Committee on Post Offices and Post Roads, and to Senator BLACK.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

TEXT OF PRESIDENT'S LETTER OF MARCH 10, 1934, ORDERING SECRETARY OF WAR DERN TO CURTAIL ARMY MAIL FLIGHTS

Following is the text of President Roosevelt's letter to Secretary Dern, ordering curtailment of the Army air-mail service:

"On February 9 the Army Air Corps was given the temporary assignment of carrying the air mail and commenced the actual carrying on February 20. This action was taken on the definite assurance given me that the Army Air Corps could carry the mail.

DEATHS MUST STOP

"Since that time 10 Army flyers have lost their lives. I appreciate that only 4 of these were actually flying the mail, but the others were training or were proceeding to the mail route. I appreciate also that almost every part of the country has been visited during this period by fog, snow, and storms and that serious accidents, taking even more lives, have occurred at the same time in passenger and commercial aviation.

"Nevertheless, the continuation of deaths in the Army Air Corps must stop.

"We all know that flying under the best of conditions is a definite hazard, but the ratio of accidents has been far too high during the past 3 weeks.

"Will you, therefore, please issue immediate orders to the Army Air Corps stopping all carrying of air mail, except on such routes, under such weather conditions, and under such equipment and personnel conditions as will insure, as far as the utmost care can provide, against constant recurrence of fatal accidents?

"This exception includes, of course, full authority to change or modify schedules.

"As you know, the period of emergency will end as soon as the necessary legislation has been enacted and new contracts can be obtained. I am writing once more to the chairmen of the House and Senate committees urging speed in the enactment of legislation.

ASKS BETTER TRAINING

"Because military lessons have been taught us during the past few weeks, I request that you consult immediately with the Postmaster General and the Secretary of Commerce in order that additional training may be given to Army air pilots through cooperation with private companies who later on will fly the mails. This should include, of course, training in cross-country flying, in night flying, blind flying, and instrument flying.

"I am sending a copy of this letter to the Postmaster General in order that he may make arrangements with you. He will, of course, modify the instructions given on February 9 to conform with the Army plans."

Following is the text of the President's letter to Senator MCKELLAR and Representative MEAD, Chairmen of the Senate and House Post Office Committees, urging prompt passage of his air-mail program:

"I am enclosing a copy of a letter which I have just sent to the Secretary of War.

"In this letter, I asked that he issue immediately orders to the Army Air Corps stopping all carrying of air mail, except on such routes, under such weather conditions, and under such equipment and personnel conditions as will insure, as far as the utmost human care can provide, against constant recurrence of fatal accidents.

"This is an added reason for the desirability of the enactment of the legislation which I proposed to your committee a few days ago. I hope much that this legislation can be taken up as soon as possible in order that new bids for new contracts for carrying the mail may be invited."

RADIOBROADCASTS ON NATIONAL DEFENSE

I also insert in the RECORD at this time the radiobroadcasts of Mr. Boake Carter of Thursday, March 15, 1934, and Friday, March 16, 1934, over the Columbia Broadcasting System, which accurately give a disinterested viewpoint of the question under consideration:

THURSDAY, MARCH 15, 1934, 7:45 TO 8 P.M.

"It seems that airy matters about the air are in fashion today, but the whole aviation controversy could not, simply could not, have gone by without a good thrilling spy story cropping up into it somewhere. The gentleman who found the—er—spy—is W. D. MCFARLANE, a scrapping, two-fisted Representative from the Thirteenth Congressional District of Texas, where men are men and women say 'Yes, boss.' The spy is middle-aged, ruddy-faced C. J. H. MacKenzie-Kennedy, ex-major of the British Army.

"A House resolution was introduced by MCFARLANE, requesting that the ruddy-faced major be examined, picked apart, held up for inspection, and probed to see whether he was a big spy, or just a little spy, and whether he wasn't a spy at all. And it grew out of the House Naval Affairs Committee hearing into the naval aviation, a committee of which 'Texas' MCFARLANE was a member and a fighting minority of one. The committee hearing had dragged on for a number of days. Only Navy witnesses appeared, ex-Navy officials and representatives of corporations doing business with the Navy on aviation matters and getting a handsome rake-off through lack of competitive bidding. Few independent witnesses, if any, appeared. At all times two or more Navy officers were present at the hearings, directly assigned there by the Navy Department, and they were helpful in jumping up and down, jack-rabbit fashion, to interject questions here, interrupt a witness' answer there—whenever the testimony began to grow a little too warm for general comfort.

"The fiery MCFARLANE waged a lone and futile battle to get down an accurate picture of the facts—a fact which his Texas constituents might chalk up to his credit as an able Representative of theirs—but he was, as has been said, only a fighting minority of one. It is a picture that compares little favorably when stacked alongside the well-oiled, cooperative manner in which the House Military Affairs Committee pulled the lid off the Army-aviation kettle. But here entered the middle-aged, ruddy-faced British ex-major. He is the inventor of a tail gun for planes, a weapon that may be mounted in the tail of a ship and fired at a pursuing enemy, without running the risk of shooting off the rudder of your own ship. He made no bones about it, but said he was on the scene in the National Capitol to see that the Navy didn't pinch his tail gun without his permission. He also had with him an amazing series of charts, listing every motor, every plane, all the armaments of every fighting plane, comparisons of horsepower, performance, equipment, everything, of every major nation in the world. His charts attracted attention, naturally.

"Experts shut themselves up, studied his charts, broke them down, and emerged to say that his charts, which showed the United States was away behind in military and naval aviation, were correct, but he had been too conservative. Representative MCFARLANE made an effort to introduce the charts at the committee hearing. The gentlemen of the Navy scampered about and went into a huddle. The figures blew all the story they had been so careful to build up through favorable testimony, to smithereens. So what to do? Ah! Call him a spy. Drop the hint here and there. The seeds will grow. Numerous members of the committee bit. Bewildered Mackenzie-Kennedy was dubbed a spy. Over here to steal aviation secrets was he. (Although nobody thought to look at his chart, which showed there wasn't much to steal with Uncle Sam's military ships behind everyone else.)

"For quite a while the ruddy-faced major was taken for a verbal ride. But the wily MCFARLANE—these Scots are canny people—waited until the hullabaloo had subsided and then said, 'Very well; if he's a spy, let's have him up here and go over him with a fine-tooth comb and pick him to pieces.' Just the thing the Navy didn't want. For inevitably, in the fine-tooth combing the ruddy-faced ex-major, the questioning would have swerved round to the chart, which didn't show such complimentary figures to the Navy's air performance. So the committee hastily wound up its investigation one day early, gave the admirals a pat on the back, congratulated them on their aviation progress, and reported that all the charges about collusion on matters of contracts were wrong.

"The following day mild-mannered Comptroller General McCarl produced reports of his office showing, from 1926 to 1930, 90 percent of all Navy aircraft procurement had been let in violation of Aircraft Act of 1926, but as yet nobody has been after Comptroller General for being a big, bad spy, for shooting holes through the Navy's story.

"But Congressman MCFARLANE didn't give up. If his resolution is acted upon, and the ruddy-faced ex-major of the British Army is minutely examined on matters of spying, MCFARLANE will get his story into the record. So there is method, deep method, in his spy resolution. It demonstrates that if the administration is going to overhaul all the military aviation and put it on a sounder base, it should do the same with naval aviation. One lone Congressman, no matter how hard he may scrap, cannot get very far in seeing to it that American principles are protected and the tax dollar spent according to law, not without law."

FRIDAY, MARCH 16, 1934, 7:45 TO 8 P.M.

"Two famous pilots spoke into a battery of microphones at the Senate committee hearing on the administration's bill to return the air mail to private companies and in most instances they agreed that the Army is not equipped to handle the mail job and that the job should be turned back to private airlines. Colonel Lindbergh handled himself in excellent fashion under the questioning of Senators, whose queries were ofttimes tinged with partisanship. When questions of ethics, or hypothetical legal questions, were put to him he sensibly remarked that he was not equipped to answer, or that he was no lawyer. On technical questions and matters of organization, his replies were clear-cut, decisive, and easy to follow. Clarence Chamberlin likewise chalked up a clear-cut record. On the question of whether the contracts should have been canceled, Lindbergh again repeated his statement of it being 'unjust.' Chamberlin contented himself with a mild, 'It was unfortunate that it was necessary', somewhat in contrast to a previous vehement statement defending the administration's action. Pilot Chamberlin also added an accusation that two major airlines did not buy up-to-the-minute equipment. Both agreed the section of the proposed bill which would refuse permission to all companies to bid on new contracts unless they waived all claims in connection with the annulments was unfair. Lindbergh tagged it as 'contrary to the American spirit of liberty.' Chamberlin mentioned the stockholders of present companies and said it wasn't fair to make them the unwitting goats and suggested that if the old companies can reorganize themselves within the requirements of the bill, then they should be given the right to bid. It would seem that both these gentlemen are on sound ground in that argument.

"To leave that clause in the bill would be a backhanded admission by the administration that it had a guilty conscience over the cancelations. Whatever legal rights the companies have insofar as claims for damages they may bring forward is a matter for the law courts to decide. Colonel Lindbergh insisted that contracts should not have been canceled without trial—as he had done all along. Many feel likewise. Others feel the President did the only thing left to do. It seems surely that the Colonel bases his protest almost chiefly on technicalities. Testimony produced showed perfectly clearly that there had been unpleasant abuses. The abuses were made of public funds. The public funds were granted by the Government. Inasmuch as it was more of a public morals and policy question than anything else, it seems there was no course left to the White House other than the one it took.

"Both men agreed that operating companies and manufacturing companies should be separated, and thus head off any further possibilities of operating companies favoring manufacturing affiliates all the time for its equipment. Both men also agreed that it was no place for the Interstate Commerce Commission to supervise air traffic. Their agreement is simple for any layman to understand—for one more, under such conditions, it would be a case of ground men running an air outfit. Both pilots echo one another in saying that a separate commission should be set up to regulate American commercial aviation.

"But Chamberlain went one step farther and said he was against a unified air system, with Army, Navy, and Commerce under the one head. Against that there is the recommendation of Brigadier General Mitchell that there should be a department of aeronautics, combining all Government aviation activities, civil and military. But certainly, the Interstate Commerce Commission has no place in the bill. Both flyers agreed that the Army does different types of work and therefore couldn't handle the mail. That the Air Corps didn't have enough time to prepare. But neither went on beyond that to say that that was no excuse, if the country is to have a properly prepared air-defense system.

"General Mitchell put the whole affair in a nutshell yesterday. 'The Army', he said, 'has equipment that's been designed to operate near an army on the ground. The air mail is meant for cross-country flying. One group has been asked to do the other's job and they're just up in the air. They ought to know how to fly each other's equipment.' Incidentally neither Chamberlin nor Lindbergh think they should—but, comparing the two viewpoints, it would seem that General Mitchell's theory is the more logical. 'For', said the General, 'the Army's been restricted to flying from aerodrome to aerodrome in good weather. If a man can't fly through bad weather, he cannot fly at all in war. The whole game of the future is going to be bad-weather flying, and when attacks are made they'll be done through all weathers.'

"With the Lindbergh and Chamberlin theory, of giving no cross-country experience with commercial flyers, Army pilots will certainly never get any—under the present system of mass troop movement under which it operates. Colonel Lindbergh reviewed the general air picture by saying, commercially, we're far better than Europe. Racing ships, Europe's ahead of us. In air-cooled motors, we're ahead of Europe. With liquid-cooled motors, Europe's ahead of us. In general military flying, he expressed no opinion.

"An answer is provided for any citizen who cares to find out for himself, in a most complete set of charts printed in the CONGRESSIONAL RECORD of March 6, inserted by Congressman MCFARLANE, of Texas. The records—which military experts have studied and verfied as correct—are somewhat pitiful when it comes to our own military aviation. But all in all the chief thing which stood out in today's testimony of these two famous pilot witnesses was that they made some valuable technical recommendations and warnings concerning the administration's bill to return the air mail to private carriers. Their suggestions were 'full of meat', to use the vernacular. The committee would gain much and lose nothing by studying what these two gentlemen had to say and comparing them with what Mitchell had to say yesterday. For it seems to me that the whole question involved now has grown to be something far bigger than just a question of air mail. And that is, What's to be the general air policy of the country from now on? If the air mail's all fixed up nicely and everybody's happy again and military aviation falls back into its old rut, then not a real honest step forward will have been taken. If military aviation is pepped up, and commercial is allowed to fall by the wayside, then the situation's the same.

"The question, paramount above all—the one at which to aim eventually as the ultimate goal, it seems—is to arrive at the point out of all these investigations, where aviation will be set aside, in its own department, under its own men, who understand its problems, and from whence it can continue to go onward and upward to greater efficiency all round. That, of course, is an executive function of the Government and may be the thing the President is aiming for."

EXPERIMENTAL MONEY USED TO DEVELOP COMMERCIAL PLANES AND ENGINES

ALL SUCH IMPROVEMENTS SHOULD BELONG TO THE GOVERNMENT

The Government has paid out hundreds of thousands of dollars since the Aircraft Act of 1926, principally to subsidiaries of the United Aircraft & Transport Corporation and the Curtiss-Wright Corporation, under contract for the development of warplanes and warplane engines. Had the Government officials in the Army and Navy Departments had the Government's interest at heart they would have provided by contract that all such money so expended in experimental contracts on warplanes and warplane engines, that such drawings, designs, plans, patents, and improvements developed through the use of Government money, would remain the exclusive property of the United States Government to be used by them as they saw fit; however, we find that these same Government officials have not protected the rights of the taxpayers of the Government in this regard, but have continued to use the Government money so expended on experimental contracts to develop these planes and engines for private corporations, and these corporations have patented these improvements in their own names and used these exclusive governmental patent monopolies as a basis for securing future business on the improvements made through Government money, and the Army and Navy Departments have continued to use this alibi or excuse as their reason for continued successive purchases made from these different corporations since the Aircraft Act of 1926.

An examination of the statistical data received from the Comptroller's Department will show to what extent this plan of operation has made these departments dependent upon these concerns. A recent illustration might better illustrate the point.

The recent Navy patrol planes that made the flight from San Francisco to Hawaii were built by the Consolidated Aircraft Corporation, and these planes now need modernizing, and a proprietary contract (no. 33642) was recently let for modernizing these planes. (A proprietary contract is one let without competitive bidding, because of exclusive patent right.) Under modernizing contract new engine mounts were to be entirely rebuilt, in any event. Almost any type of engine satisfactory in performance could have been installed. Had the matter been left open to competition, but with open competitive bidding, the Government should and would receive better equipment for less money. Certainly the Wright "Cyclone" and the Pratt & Whitney "Hornet" engines of the type under discussion are interchangeable, as shown by the recent Douglass transport planes developed for the P.W.A. These planes were designed to take the Wright "Cyclone" engine but when they were installed they ran too hot, and they were removed and Pratt & Whitney's "Hornet" engines were substituted. These "Hornet" engines worked perfectly, however. Wright immediately got busy and improved the "Cyclones" and had them reinstalled. In this regard it is interesting to note that the Transcontinental & Western Lines are directly connected to Curtiss-Wright Co. through the Hayden-Stone Co.

JUST ONE BIG FAMILY

In Airways and Airports for March 1934, page 325, in the article Cleaning up the United States Air Transport is this comment:

"The net results will be a more economic air transport and, perhaps, the breaking up of the greatest vertical and horizontal 'trust' which now rules American aviation."

The above statement is very significant when we analyze our aviation industry in this country today. The same four holding corporations very largely control the transportation as well as the manufacturing end of this business. Our investigation has dealt primarily with these corporations because of their sale of equipment direct to the Navy Department through their different subsidiaries.

These same corporations through their transportation subsidiaries largely own and control all air-mail lines in the United States as well as the air mails leading out of the United States. I refer at this point to a consolidated statement and chart showing by management groups certain statistics of mail- and passenger-carrying operations including the revenue-miles flown and the revenue per mile flown for the years 1931 and 1932, showing the amounts of money paid by the Government to the transport lines of these same holding corporations furnishing the equipment to the different aviation branches of the Government. (See pp. 7436, 7437, CONGRESSIONAL RECORD.)

A study and a comparison of this chart with the first chart inserted in the RECORD, page 4977, showing the different ramifications and connections of the Air Trust, should convince the most skeptical of the exact status of the industry in this country today, and it is particularly noticeable how much of the taxpayers' aviation dollar the "trust" receives—about 75.5 percent.

The chart I am now referring to in the RECORD gives rather a complete picture of the aviation industry, dealing with the aviation dollar. It shows the percentage of the total amount paid to domestic air-mail contractors, foreign air-mail contractors, and contracts for military airplane equipment that went to each group.

It is difficult to consider the military aspects of aviation without also considering the air-mail operations because they are so closely identified and deal with our national defense, and the companies that have provided the air mail service are also furnishing our military equipment. The interlocking of the directors and organizers of the companies forming the aviation trust would, in case of an emergency, place our national defense in the hands of a few masters of big business who have exploited military and air-mail contracts for their own selfish interests and have built up a monopoly within a monopoly, with the knowledge and support of Government employees and officials of three former administrations.

Our aviation industry is definitely headed for General Motors control, as indicated by the chart. The process of gaining this control started during the World War in 1917 when the Aircraft Production Board was controlled by men closely identified with General Motors Corporation. These men are still directing our aviation policy.

This chart indicates the trust is not satisfied with 93 percent of the money paid by the taxpayers of this country for domestic air-mail transportation, 98 percent of the amount paid for foreign air-mail transportation, and 87 percent of the money paid for military equipment, but they also control a large percentage of the airways-lighting equipment, airplane-accessory companies, investment trusts—dealing with aviation securities, airplane and liability insurance, dirigible operations, Aeronautical Chamber of Commerce, and the National Aeronautic Association.

The record shows that the aviation monopoly, with its railroad bank connections, has not been for a healthy growth of the industry. In 1929 there were 7,695 airplanes operating in this country, and during that year they flew 104,336,560 miles and carried 2,995,530 passengers, and there were 20,944 people employed in the transportation and flying operations. In 1932 the number of miles flown had been gradually reduced more than one-half, the number of planes was only 1,979, and less than half the number of passengers were carried in all commercial services, and they were employing only one-fifth the number of people.

If it is the purpose of Congress to develop commercial aviation and air-mail operations as a part of our national defense, it certainly should see to it that this trust is broken and individual initiative again given its chance for development. As long as the trust exists, a few men in Wall Street, not representative of the entire Nation, can retard the growth of the industry to the benefit of rail and steamship transportation at will, and exploit the development of such interests in the same selfish manner as they have the aviation industry. The recent development in a streamlined railroad train may be the beginning of such exploitation.

PROPAGANDA

Among the mass of propaganda which has been received by Members of Congress was a recent special air-mail issue of National Aeronautics Magazine sent out by Transcontinental & Western Air, Inc. (a General Motors controlled organization). In it appears a general indictment of the administration for cancelation of air-mail contracts because of fraud.

Specific charges were made against Postmaster General James A. Farley in an open letter published in the magazine and signed by Hiram Bingham, president of the National Aeronautical Association.

Before discussing the propaganda thus forced upon this body through the medium of this trust-dominated magazine, I would remind you that the signer of this letter is the same Hiram Bingham who represented the State of Connecticut in the United States Senate; whose conduct, as a Member of the Senate, was censored and condemned by vote of his fellow members. There have been only two other Senators so disgraced in the history of Congress. I refer you to the CONGRESSIONAL RECORD of November 4, 1929, for full details.

Mr. Bingham's letter, in view of the circumstances surrounding his public life, should probably not be considered except for the fact that because his name is associated in the magazine with the names of many illustrious persons, which may have some effect on public opinion, and because he makes serious charges against our honorable Postmaster General. He says:

"Your letter contains a number of misleading statements and shows a distressing failure to appreciate the actual situation and also an apparent ignorance of air-mail history.

"* * * Your letter leads me to believe that without proper cause you have caused suffering to thousands of innocent workers and investors.

"* * * The Watres Act was passed because the then Postmaster General of the United States was anxious to develop an efficient air transport system. He was careful to get specific legal warrant from Congress for what he thought it necessary to do. * * *

"You imply in your statement that attendance at the conference was limited to a favored few. You state, specifically, that it was 'confined to those who subsequently obtained the contracts.' That statement shows that you are ignorant of the facts. By listing in your own letter 14 companies, all of them at that time independent of each other, were represented. All except five already had contracts obtained by competitive bidding. * * *

"You did not state in your letter that your predecessor, Postmaster General Brown, was careful to get an interpretation of his newly acquired authority from the Comptroller General. * * *

"* * * You say 'these meetings resulted in a division of all air-mail contracts of the United States.' No one would guess from your letter that substantially 60 percent of the total domestic air-mail operations up to 3 months ago were being carried on routes that existed at the time of those terrible conferences in 1930 and that were still, long after you became Postmaster General, in the hands of the original contractors or their direct successors by purchase. * * *

"* * * You have made no suggestion that there was any wrongdoing prior to November 6, 1929."

In referring to these charges of the Honorable Mr. Bingham it may be well, as he suggests, to examine into the scheme of things "prior to November 6, 1929." There is much evidence in the records to indicate there was a very definite conspiracy to control by monopoly the aviation industry by men closely identified with governmental departments, dating back to the World War in 1917. Col. Edward A. Deeds, Richard F. Hoyt, Charles F. Kettering, Howard E. Coffin, H. E. Talbot, and others directly under their orders, organized the principal aviation enterprises, including the manufacture of airplanes, airplane motors, airplane propellers, airplane accessories, insurance, airports, airport lighting equipment, air transport, air-mail operating, and military-equipment companies, which entailed a very large percent, if not all, of the financing and stock promotions attributed by Mr. Bingham as "sharpers and disreputable characters who took advantage of the romantic appeal of aviation to fleece the public." Mr. Bingham's epithet as applied to these gentlemen can well be understood when we examine the Hughes report, published in the CONGRESSIONAL RECORD, Sixty-fifth Congress, third session, page 883.

These men, who have made millions out of the aviation stock manipulation, bonuses, and salaries, have associated with them in the aviation racket all those in Government positions who would tighten their hold on the industry; these include Col. Paul Henderson, former Second Assistant Postmaster General under Harry S. New; Harry S. New himself; William P. MacCracken, Assistant Secretary of Commerce for Aeronautics; Maj. Gen. Mason Patrick, former Chief of Army Air Service; D. K. E. Bruce, formerly in the Diplomatic Service, son of ex-United States Senator, and son-in-law of Andrew Mellon, all under the Coolidge administration; also Roy D. Chapin, Secretary of Commerce in the Hoover administration.

It is easy to understand why, after the former "Postmaster General Walter F. Brown had made up his mind to develop a great national air-transport system", that he "was careful to get specific legal warrant from Congress for what he thought it necessary to do", and also "was careful to get an interpretation from the Comptroller General." I say it is not hard to understand when we consider the companies which have been favored were controlled largely by men who had resigned from Government jobs or who had been in Government positions, some of whom had already been criticized for irregularities in aircraft procurement during the World War as members of the "Aircraft Production Board"; at least one member was recommended for court martial and at least one has been convicted of antitrust violation.

CONSPIRACY IN AIR-MAIL CONTRACTS

These circumstances, coupled with the acts of former Postmaster General Walter F. Brown, in their chronological order, in awarding contracts and expanding schedules to absorb the annual appropriation for air mail, we submit to the people of this Nation to analyze and determine for themselves whether or not there has been a conspiracy.

1. March 4, 1929. The organization of the Aviation Corporation of Delaware was in process on March 4, 1929, when Walter F. Brown became Postmaster General, and the following day upon his retirement Harry S. New became director and adviser of the company.

2. May 10, 1929. Formation of Inter-Departmental Committee on Airways suggested by President Hoover, to hear and determine questions relating to the extension of the civil airways system of the United States, was announced by Postmaster General Brown. Personnel of the committee: W. Irving Glover, Second Assistant Postmaster General; Earl B. Wadsworth, Superintendent of Air Mail, Post Office Department; Wm. P. MacCracken, Assistant Secretary of Commerce for Aeronautics; F. C. Kingsburg, chief of Airways Division; and Harry H. Blee, chief of Airports Division, Department of Commerce.

3. Aviation Corporation acquired route 1, route 2, route 16, route 20, routes 21, 22, 23, 24, 28, 29, and 30, totaling 4,354 miles of air-mail routes.

4. June 15, 1929. Postmaster General advertised for bids on route 32, from Pasco, Wash., to Spokane, Wash., to Portland, Oreg., to Seattle, Wash., a distance of 490 miles; a clause in the advertisement provided "upon the expiration of service already contracted for or that may be extended under the certificate plan on route CAM–5, the terminal of this route that is now being advertised may be changed to Salt Lake City or such point on the transcontinental route as service of the Northwest is supplied to and from." It was also provided that it might be extended to the Canadian border and that the successful bidder have 6 months to begin service.

5. September 23, 1929. Contract on route 32 was awarded after a delay of over 3 months to Varney Air Lines, Inc., a subsidiary of United Aircraft & Transport Corporation, at 9 cents a pound, including equipment. Route 5 was operated by the same company and the transcontinental route by another subsidiary of the United Aircraft & Transport Corporation.

6. Postmaster General Walter F. Brown, after an extended airplane trip with United Aircraft & Transport officials, called a conference of all operators and notified them that they must work out a yardstick for the revamping of the Air Mail Service. The time limit on all air-mail contracts was expiring and the operators were told that in order to have them renewed they must do what he wanted them to do. To enable the Postmaster General to carry out his plan and get the Watres Act passed it was necessary for him to extend the time limit under the contracts for a temporary 6 months' period. The status of the air-transport serv-

ice companies on March 4, 1933, is evidence that his will had been carried out as they had been consolidated in the hands of only a few operators.

7. January 14, 1930. Postmaster General Brown startled the industry in announcing in a speech before the Cleveland Chamber of Commerce his well-laid scheme for new legislation to enable him to complete his plan.

8. Conferences with air-mail operators prior to passage of Watres Act.

9. April 29, 1930. McNary-Watres Act became law.

10. May 3, 1930. Route certificate issued to Varney Air Lines (United) on route 5, which included route 32, that had been bid in at 9 cents a pound. The rate fixed was 83 cents on certain trips and 98 cents on other trips. (Note: Under terms of the contract operator would only be required to operate 2 months at the 9-cent rate. Contract on route 5 expired October 28, 1929, was extended 6 months to enable the Watres Act to be passed and carry out this deal with the United.)

11. Spoils conference, about May 15, 1930.

12. Adjusted contract held by Aviation Corporation upwardly to the extent of $108,001.87 per annum. This has been greatly increased since the adjustment.

13. Arranged change in Postal Regulations to cut out bidders and to permit the Pennsylvania Railroad to become joint bidder.

14. August 2, 1930. Advertised for bids on routes 33 and 34, and included clauses not provided in the Watres Act, to restrict the bidding to one combination.

15. September 15, 1930. Awarded contract for route 33 to Robertson and Safeway at maximum rate with the knowledge the contract was to go to the Aviation Corporation and that the companies would not bid against each other on routes 33 and 34, advertised the same day. The circumstances surrounding the advertising and award of these two contracts indicate clearly the Postmaster General and the company who obtained the award knew in advance who would get both contracts and the amount that would be bid.

16. September 30, 1930. Awarded (after protest by low bidder) route 34, New York to Los Angeles, to Pennsylvania Railroad, Mellon, and General Motors combination.

Comptroller's Record on Expenditures

I insert at this point a copy of the letter of the Comptroller General of the United States, including tabulations, as follows:

General Accounting Office,
Washington, March 23, 1934.

Hon. W. D. McFarlane,
House of Representatives.

My Dear Mr. McFarlane: Complying with the request contained in your letter of March 16, 1934, for use of the Naval Affairs Committee of the House of Representatives, there is enclosed herewith in duplicate a tabulation showing the contracts of record in this office which have been entered into by the War and Navy Departments since July 2, 1926, for the purchase of airplanes and airplane engines. This tabulation is a break-down of the War and Navy Department contracts listed in the report forwarded to you with office letter of March 6, 1934 and shows the amounts stipulated in the contracts to be paid for airplanes, airplane engines, parts, drawings, data, etc. It is not understood that you desired—and there has been no attempt to list—the contracts of the two Departments in question for airplane parts where such contracts did not involve the purchase of airplanes and/or airplane engines. The changes by written orders and without competition after the contracts were entered into were many and they have not been listed on the tabulation enclosed.

There is also enclosed a tabulation showing the appropriations made by the Congress since July 2, 1926, in an aggregate sum of $217,457,491 for the Army Air Corps, with expenditures shown on the books of this office to date of $181,397,977.66 for the Army Air Corps and appropriations made in an aggregate sum of $218,526,078, with expenditures similarly shown to date of $188,017,181.41 for the Navy Air Corps. These amounts do not include the pay and allowances of the officers and enlisted men of the two Services, for funds therefor were and are carried elsewhere in the respective appropriation acts. It is understood that you require such a tabulation for the purposes of showing the considerable sums of public money made available by the Congress—and actually expended—for the Army and Navy Air Corps Services, exclusive of pay and allowances.

There has been noted your request for information whether this office actually examines the Army and Navy contracts for the purchase of airplanes, airplane parts, and accessories, and audits the expenditures thereunder in the same manner that it examines other contracts and expenditures for the several departments, independent establishments, etc., of the Government or whether this office merely examines the contracts to see whether they have been awarded under sections 10 (k), 10 (q), or 10 (t) of the act of July 2, 1926, and whether the expenditures by the disbursing officers are in accord with the terms of the contract. In other words, whether this office determines the legality and regularity of the contracts and expenditures or whether such questions under contracts of the War and Navy Departments for the purchase of airplanes, airplane parts and accessories are left to the administrative officers of the respective department and this office merely checks the contracts and expenditures to see that they are regular on their face and comply with the act of July 2, 1926, and any limitations that may have been placed in the appropriation acts.

The answer to such question is found in section 10 of the act of July 2, 1926 (44 Stat. 788, 789), wherein it is provided in subsection (q) that in the purchase of aircraft, constructed according to designs presented prior to July 2, 1926, or according to such designs with minor modifications thereof—which modifications may be made at any time—the "action of the Secretary of War or the Secretary of the Navy in each case shall be final and conclusive." Also, in subsection (t) wherein it is provided that thereafter whenever the Secretary of War or the Secretary of the Navy shall enter into any contract for or on behalf of the United States for the purchase of aircraft, aircraft parts, or aircraft accessories they were authorized to award such contract to the bidder that said Secretary shall find to be the lowest responsible bidder that can satisfactorily perform the work or the service required to the best advantage of the Government and that "the decision of the Secretary of the department concerned as to the award of such contract, the interpretation of the provisions of the contract, and the application and administration of the contract shall not be reviewable otherwise than as may be therein provided for, by any officer or tribunal of the United States except the President and the Federal courts."

The principal aim of this office is to carry out the will of the Congress as stated in the statutes. The effect of this act of July 2, 1926, is to deny the Accounting Office of the United States all but the most perfunctory jurisdiction and control over the terms of specifications, advertisements, contracts, and expenditures of the War and Navy Departments for the purchase of aircraft, aircraft parts, and aircraft accessories. The act in specific terms expresses the intention of the Congress to rely on the administrative officers concerned in the making of the contracts and expenditures for aircraft, aircraft parts, and aircraft accessories to see that the terms of the law are carried out and the interests of the United States properly protected. Of course, under such circumstances this office may only check the contracts and expenditures for aircraft, aircraft parts, and aircraft accessories to see that the formalities of the act of July 2, 1926, have been observed. So far as this office is concerned, the responsibility has been left where the Congress placed it in the act of July 2, 1926; that is, on the administrative officers of the War and Navy Departments.

With respect to your request for the suggestions of this office as to the amendments necessary to the act of July 2, 1926, to secure a return of control by law over the terms of specifications to secure full and free competition by all qualified bidders in the delivery of aircraft, aircraft parts, and aircraft accessories, you are advised that it is believed that the enactment of H.R. 8044, Seventy-third Congress, second session, with the minor amendments suggested in the enclosed copy of my letter of March 17, 1934, to the Chairman of the Committee on Military Affairs, House of Representatives, would accomplish that object.

Sincerely yours,

J. R. McCarl,
Comptroller General of the United States.

Enclosures.

Appropriations, expenditures, and balances, Navy Air Corps, 1927–34

Symbol	Title	Appropriation	Expenditures	Carried to surplus	Treasury balance
77851	Aviation, Navy, 1927	$19,065,288.00	$18,894,180.11	$171,107.89	
77894	Salaries, Bureau of Aeronautics, 1927	191,000.00	189,520.58	1,479.42	
	Total, 1927	19,256,288.00	19,083,700.69	172,587.31	
78851	Aviation, Navy, 1928	20,100,000.00	19,780,549.15	319,450.85	
78894	Salaries, Bureau of Aeronautics, 1928	200,000.00	196,639.33	3,360.67	
	Total, 1928	20,300,000.00	19,977,188.48	322,811.52	
	Aviation, Navy:				
78/9851	1928–29	200,000.00	200,000.00		
79851	1929	31,989,000.00	31,843,514.44	145,485.56	
79894	Salaries, Bureau of Aeronautics, 1929	250,420.00	227,542.28	22,877.72	
	Total, 1929	32,439,420.00	32,271,056.72	168,363.28	

Appropriations, expenditures, and balances, Navy Air Corps, 1927-34—Continued

Symbol	Title	Appropriation	Expenditures	Carried to surplus	Treasury balance
	Aviation, Navy:				
79/0851	1929-30	$248,000.00	$212,918.56	$35,081.44	
70851	1930	31,182,000.00	30,938,808.94	243,191.06	
70894	Salaries, Bureau of Aeronautics, 1930	285,420.00	284,953.09	466.91	
	Total, 1930	31,715,420.00	31,436,680.59	278,739.41	
71851	Aviation, Navy, 1931	32,033,211.00	30,977,232.64	1,051,192.72	
	Impounded, Economy Act		4,785.64		
71894	Salaries, Bureau of Aeronautics, 1931	289,640.00	289,618.74	21.26	
	Total, 1931	32,322,851.00	31,266,851.38	1,051,213.98	
	Impounded under Economy Act (not included in expenditures)		4,785.64		
72851	Aviation, Navy, 1932	31,145,000.00	27,044,856.78		$4,058,804.69
	Impounded, Economy Act		41,338.53		
72894	Salaries, Bureau of Aeronautics, 1932	290,400.00	289,676.33		723.67
	Total, 1932	31,435,400.00	27,334,533.11		4,059,528.36
	Impounded under Economy Act (not included in expenditures)		41,338.53		
73851	Aviation, Navy, 1933	25,245,420.00	20,188,575.78		4,511,920.86
	Impounded, Economy Act		544,923.36		
73894	Salaries, Bureau of Aeronautics, 1933	290,400.00	256,026.23		1,424.95
	Impounded, Economy Act		32,948.82		
	Total, 1933	25,535,820.00	20,444,602.01		4,513,345.81
	Impounded under Economy Act (not included in expenditures)		577,872.18		
74851	Aviation, Navy, 1934	21,957,459.00	2,751,774.02		19,205,684.98
74894	Salaries, Bureau of Aeronautics, 1934	263,420.00	166,100.00		97,320.00
	Total, 1934	22,220,879.00	[1] 2,917,874.02		19,303,004.98
7X864	Increase of Navy aviation (no year):				
	Appropriated, 1927	3,300,000.00			
	Expenditures:				
	1927		816,188.12		
	1928		1,136,457.53		
	1929		1,329,166.56		
	1930		2,882.20	15,305.59	
	Total	3,300,000.00	3,284,694.41	15,305.59	

NAVY SUMMARY

	Amount of appropriation	Net expenditures	Impounded under Economy Act	Carried to surplus	Treasury balance
1927	$19,256,288.00	$19,083,700.69		$172,587.31	
1928	20,300,000.00	19,977,188.48		322,811.52	
1929	32,439,420.00	32,271,056.72		168,363.28	
1930	31,715,420.00	31,436,680.59		278,739.41	
1931	32,322,851.00	31,266,851.38	$4,785.64	1,051,213.98	
1932	31,435,400.00	27,334,533.11	41,338.53		$4,059,528.36
1933	25,535,820.00	20,444,602.01	577,872.18		4,513,345.81
1934	22,220,879.00	2,917,874.02			19,303,004.98
No year	3,300,000.00	3,284,694.41		15,305.59	
Total	218,526,078.00	188,017,181.41	623,996.35	2,009,021.09	27,875,879.15

[1] Expenditures so far as reported for 1934.

Appropriations, expenditures, and balances, Army Air Corps, 1927-34

Symbol	Title	Appropriation	Expenditures	Carried to surplus	Treasury balance
	Air Service, Army:				
86/7571	1926-27 (no expenditures in 1926)	$1,000,000.00	$999,809.21	$190.79	
87571	1927	15,900,000.00	15,742,466.26	157,533.74	
87561	Salaries, office of Chief of Air Service, 1927	206,694.00	192,613.59	14,080.41	
	Total, 1927	17,106,694.00	16,934,889.06	171,804.94	
	Air Corps, Army:			2,000.42	
87/8570	1927-28	1,750,000.00	1,747,999.58	227,953.52	
88570	1928	19,641,300.00	19,413,346.48		
88560	Salaries, office of Chief of Air Corps, 1928	206,294.00	202,309.09	3,984.91	
	Total, 1928	21,597,594.00	21,363,655.15	233,938.85	
	Air Corps, Army:				
88/9570	1928-29	300,000.00	294,798.07	5,201.93	
89570	1929	26,355,157.00	24,680,053.78	448,150.90	
	Transferred to "No year" account:				
	1929		610,000.00		
	1931		616,952.32		
89560	Salaries, office of Chief of Air Corps, 1929	231,274.00	229,589.36	1,684.64	
	Total, 1929	26,886,431.00	25,204,441.21	455,037.47	
	Transferred (not included in expenditures)		1,226,952.32		
80570	Air Corps, Army, 1930	32,440,785.00	30,235,904.31	25,928.00	
	Transferred to "No year" account, 1931		2,178,952.69		
80560	Salaries, office of Chief of Air Corps, 1930	219,274.00	216,836.46	2,437.54	
	Total, 1930	32,660,059.00	30,452,740.77	28,365.54	
	Transferred (not included in expenditures)		2,178,952.69		
81570	Air Corps, Army, 1931	33,199,740.00	32,219,418.56	955,814.64	$24,470.80
81560	Salaries, office of Chief of Air Corps, 1931	236,091.00	232,915.06	3,175.94	
	Total, 1931	33,435,795.00	32,452,333.62	958,990.58	24,470.80

Appropriations, expenditures, and balances, Army Air Corps, 1927–34—Continued

Symbol	Title	Appropriation	Expenditures	Carried to surplus	Treasury balance
82570	Air Corps, Army, 1932	$31,479,635.00	$29,167,461.66		$2,312,015.32
	Impounded under Economy Act		158.02		
82560	Salaries, office of Chief of Air Corps, 1932	236,105.00	235,479.89		625.11
81/2569	Technical construction, Air Corps, 1931–32	[1] 53,000.00	52,796.76		203.24
	Total, 1932	31,768,740.00	29,455,738.31		2,312,843.67
	Impounded (not included in expenditures)		158.02		
83570	Air Corps, Army, 1933	25,439,131.00	15,999,742.39		8,852,928.46
	Impounded under Economy Act		586,460.15		
83560	Salaries, office of Chief of Air Corps, 1933	234,105.00	204,306.46		271.67
	Impounded under Economy Act		29,526.87		
	Total, 1933	25,673,236.00	16,204,048.85		8,853,200.13
	Impounded (not included in expenditures)		615,987.02		
84570	Air Corps, Army, 1934	23,324,185.00	2,467,163.78		20,857,021.22
84560	Salaries, office of Chief of Air Corps, 1934	213,584.00	140,700.00		72,884.00
	Total, 1934	23,537,769.00	[2] 2,607,863.78		20,929,905.22
8X570	Air Corps, Army (no year):				
	Appropriated, 1931	2,724,073.00			
	Transferred from Air Corps, Army:				
	1929	616,952.32			
	1930	2,178,952.69			
	Expenditures:				
	1931		717,510.34		
	1932		2,860,253.12		
	1933		1,031,020.16		
	1934 (reported)		22,217.28		
	Impounded under Economy Act		2,260.55		886,716.56
	Total	[1] 5,519,978.01	4,631,000.90		886,716.56
	Impounded (not included in expenditures)		2,260.55		
8X564	Air Corps, Army, emergency construction (no year):				
	Appropriated, 1931	871,100.00			
	Expenditures:				
	1931		86,386.16		
	1932		655,969.86		
	1933		102,878.39		
	1934		4,251.88		
	Impounded under Economy Act		1,235.12		20,378.59
	Total	[1] 871,100.00	849,486.29		20,378.59
	Impounded (not included in expenditures)		1,235.12		
8X569	Technical construction, Air Corps, Army (no year):				
	Appropriated, 1931	1,196,000.00			
	Transferred from Air Corps, Army, 1929	610,000.00			
	Expenditures:				
	1930		17,451.90		
	1931		587,229.62		
	1932		87,823.86		
	1933		541,350.47		
	1934		7,923.87		
	Impounded under Economy Act		4,258.08		559,962.20
	Total	[1] 1,806,000.00	1,241,779.72		559,962.20
	Impounded (not included in expenditures)		4,258.08		

WAR SUMMARY

	Amount of appropriation, including transfers	Net expenditures	Impounded under Economy Act	Carried to surplus	Treasury balance
1927	$17,106,694.00	$16,934,889.06		$171,804.94	
1928	21,597,594.00	21,363,655.15		233,938.85	
1929	25,659,478.68	25,204,441.21		455,037.47	
1930	30,481,106.31	30,452,740.77		28,365.54	
1931	33,435,795.00	32,452,333.62		958,990.58	$24,470.80
1932	31,768,740.00	29,455,738.31	$158.02		2,312,843.67
1933	25,673,236.00	16,204,048.85	615,987.02		8,853,200.13
1934	23,537,769.00	2,607,863.78			20,929,905.22
No year	8,197,078.01	6,722,266.91	7,753.75		1,467,057.35
Total	217,457,491.00	181,397,977.66	623,898.79	1,848,137.38	33,587,477.17

[1] See memorandum.

[2] Expenditures as reported so far.

The above tabulations of the Army and Navy show the appropriations made by Congress since July 2, 1926, which shows the sum of $217,457,491 for the Army Air Corps, with expenditures shown on the books of the office to date of $181,397,977.66 to the Army Air Corps; and appropriations made in aggregate $218,526,078, with expenditures similarly shown to date of $188,017,181.41 for the Navy Air Corps. These amounts do not include pay and allowances of the officers and enlisted men of the two Services, for funds therefor were and are carried elsewhere in the respective appropriation acts.

RECOMMENDATIONS

(1) I recommend that section 10 (Q) of the Aircraft Act be repealed and that section 10 (K) and section 10 (T) be amended so as to require open competitive bidding in the production procurement of all aircraft equipment, as was required by the Government prior to the passage of the Aircraft Act of 1926.

(2) That the proposed amendment of subsection 10 (K), as amended, would continue so as to permit the continuance of purchase by the Secretary of the Navy without competition such designs, aircraft, aircraft parts, and aeronautical accessories as may be necessary for experimental purposes only, but should not permit quantity purchases or repeat purchases of any such proven experimental designs, etc., without open competitive bidding.

(3) That all future contracts of the Navy contain a provision giving the Government the right or license upon the payment of a stipulated royalty or sum, the right to manufacture or cause to be manufactured such designs, aircraft, etc. This would enable the Government to eliminate patent contentions and permit free and open competition in all future procurement of all aircraft. This procedure was followed by the United States from 1917 to 1928 in certain cases.

(4) That the naval aircraft plant at Philadelphia be continued to operate as under present schedule without any enlarged powers,

duties, or authority, except that the excessive overhead expenses, wherever possible, be elminated. That disinterested witnesses be called to testify, if any doubt exists in the minds of the committee as to the exact status of the aviation industry regarding the interlocking connections of the different companies and the complete domination of the industry by the four major holding companies comprising the Air Trust.

(5) That a thorough investigation be made as to the desirability of future use of alloys of aluminum in the manufacture of our aircraft, and particularly the adaptability and usefulness of stainless steel for aircraft manufacture. That a comparative study of the use of these materials as to cost, maintenance, weight, length of life, ability to withstand salt water, etc., be carefully analyzed.

(6) That no more purchases of lighter-than-air craft equipment be made unless and until their elasticity of performance, maneuverability, and general usefulness under actual war conditions is definitely proven to the entire satisfaction of a disinterested board.

(7) That all aviation units attached to battleships, cruisers, or aircraft carriers be maintained at the highest state of efficiency for war purposes and all "admirals' taxis" (or joy-riding planes) be eliminated from the fleet service.

(8) That the Aircraft Act be amended so as to prohibit any governmental department from awarding any contract for any kind of aircraft to any company having connections with subsidiaries, affiliates, associates, or holding companies, directly or indirectly, by stock ownership, interlocking directorates, interlocking officers, or otherwise, if said subsidiaries, affiliates, associates, or holding companies are engaged directly or indirectly in the operation of competitive manufacturing, jobbing, or selling concerns dealing in any kind of aircraft equipment.

(9) That the Aircraft be amended so that it will stimulate inventive genius.

(10) That the air-mail laws be amended so that the Government will take over and operate the air mail and own 51 percent of the stock of the newly organized companies to be chartered for this purpose. This should be done for the same reasons that we carry other mail and to furnish proper training for the men in the Army to fly domestic mail, the men of the Navy to fly coastal and foreign mail, and primarily to save the taxpayers money and for the general good of the Services. Great Britain, France, and other countries recognized the necessity of owning and controlling their air-mail lines soon after the World War and have found this policy sound.

(11) That the eight different branches of aeronautics of the Government be combined under a secretary of the air of equal standing of other Cabinet positions, which department shall have a separate budget, personnel, and status as other departments of Government; that this be done in the interest of eliminating waste, extravagance, duplication, overlapping of responsibilities, and for the benefits to be derived from a united supervision. Germany unified her air force in 1916. After serious damage to Great Britain from the air, she unified her air forces in 1917. France, Italy, and other European nations soon followed suit. There are no divisions in the air such as we recognize on land and sea, and we must have a centralized command for war purposes.

(12) That the law creating the National Advisory Committee for Aeronautics be amended, requiring that eligibility for membership on this Committee be limited to those not connected directly or indirectly with any aviation company selling any aircraft equipment to the Government; that an affidavit be filed by each member upon appointment showing completely their property holdings and connections, and that such an affidavit be filed the first of each year thereafter and all such information be made a part of the annual report of this Board, violation of such law to suspend automatically member from the board.

Respectfully submitted.

W. D. McFARLANE.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks on the silver bill.

The SPEAKER. Is there objection?

There was no objection.

H.R. 9725

Mr. LANZETTA. Mr. Speaker, I ask unanimous consent to file a supplementary report on the bill H.R. 9725.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HARTER, for 2 days, on account of official business.

To Mr. KVALE, for the balance of the week, on account of illness.

To Mr. MEAD (at the request of Mr. BEITER), on account of official business.

To Mr. SUTPHIN, for 3 days, on account of important business.

To Mr. ZIONCHECK, for 3 days, on account of official business.

SENATE BILLS REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1744. An act enabling certain farmers and fruit growers to receive the benefits of the Federal Farm Loan Act and amendments thereto and the Emergency Farm Mortgage Act of 1933; to the Committee on Agriculture.

S. 1760. An act for the relief of the Snare & Triest Co., now Frederick Snare Corporation; to the Committee on Claims.

S. 1786. An act for the relief of Lucile A. Abbey; to the Committee on Claims.

S. 1947. An act to provide for the creation of the St. Croix Island National Monument located near the mouth of the St. Croix River in the State of Maine, and for other purposes; to the Committee on the Public Lands.

S. 2272. An act for the relief of Bert Moore; to the Committee on Claims.

S. 2617. An act for the relief of the estate of Jennie Walton; to the Committee on Claims.

S. 2619. An act for the relief of E. Clarence Ice; to the Committee on Claims.

S. 2906. An act for the relief of Ransome Cooyate; to the Committee on Claims.

S. 3096. An act for the relief of John T. Garity; to the Committee on Claims.

S. 3366. An act for the relief of C. O. Meyer; to the Committee on Claims.

S. 3486. An act for the relief of George L. Rulison; to the Committee on Claims.

S. 3493. An act to revive and reenact the act entitled "An act authorizing H. C. Brenner Realty & Finance Corporation, its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near a point between Cherokee and Osage Streets, St. Louis, Mo.", approved February 13, 1931; to the Committee on Interstate and Foreign Commerce.

S. 3641. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; to the Committee on Interstate and Foreign Commerce.

S.J.Res. 86. Joint resolution for the adjustment and settlement of losses sustained by the cooperative marketing associations; to the Committee on Agriculture.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following titles:

On May 29, 1934:

H.R. 8617. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes.

On May 30, 1934:

H.R. 1158. An act for the relief of Annie I. Hissey;

H.R. 1933. An act for the relief of Philip F. Hambsch;

H.R. 1943. An act for the relief of A. H. Powell;

H.R. 1977. An act for the relief of R. A. Hunsinger;

H.R. 2054. An act for the relief of John S. Cathcart;

H.R. 2322. An act for the relief of C. K. Morris;

H.R. 2433. An act for the relief of Anna H. Jones;

H.R. 2438. An act for the relief of Ruby F. Voiles;

H.R. 3056. An act for the relief of James B. Conner;

H.R. 3300. An act for the relief of George B. Beaver;

H.R. 3302. An act for the relief of John Merrill;

H.R. 4690. An act for the relief of Eula K. Lee;

H.R. 5477. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight;

H.R. 6179. An act to amend an act entitled "An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes";

H.R. 7168. An act for making compensation to the estate of Nellie Lamson;

H.R. 7289. An act for the relief of H. A. Soderberg;

H.R. 7343. An act to remove inequities in the law governing eligibility for promotion to the position of chief clerk in the Railway Mail Service;

H.R. 8241. An act to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, Youghiogheny Rivers in the county of Allegheny, Pa.;

H.R. 8494. An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on the Quinault Indian Reservation when it is in the interest of the Indians so to do;

H.R. 8714. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 8937. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River, at or near Delphi, Ind.;

H.R. 8938. An act to amend the act of Congress approved June 7, 1924, commonly called the "San Carlos Act", and acts supplementary thereto;

H.R. 8951. An act authorizing the city of Shawneetown, Ill., to construct, maintain, and operate a toll bridge across the Ohio River at or near a point between Washington Avenue and Monroe Street in said city of Shawneetown and a point opposite thereto in the county of Union and State of Kentucky;

H.R. 9000. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Holtwood, Lancaster County;

H.R. 9065. An act granting the consent of Congress to the Department of Public Works of the Commonwealth of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at Turners Falls, Mass.;

H.R. 9257. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County;

H.R. 9271. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Millersburg, Dauphin County, Pa.; and

H.R. 9502. An act authorizing the State Highway Departments of the States of Minnesota and North Dakota to construct, maintain, and operate certain free highway bridges across the Red River from Moorhead, Minn., to Fargo, N.Dak.

THE LATE GEORGE F. BRUMM

Mr. DARROW. Mr. Speaker, it is with a feeling of deep personal sorrow that I announce to the House the death of our beloved colleague, Hon. GEORGE FRANK BRUMM, from the Thirteenth District of Pennsylvania.

Mr. BRUMM has served his constituency, his State, and his Nation faithfully and well, and I know that during the five terms he has served in the House he has endeared himself to all by his genial and kindly spirit. Friends have been made on both sides of the aisle, and at a later time I shall pay a further tribute to his memory.

Mr. Speaker, I now offer the following resolution.

The Clerk read as follows:

House Resolution 402

Resolved, That the House has heard with profound sorrow of the death of the Honorable GEORGE F. BRUMM, a Representative from the State of Pennsylvania.

Resolved, That a committee of four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

The SPEAKER. The Chair appoints the following committee: Mr. DARROW, Mr. CONNOLLY, Mr. WOLFENDEN, and Mr. RICHARDSON.

ADJOURNMENT

The SPEAKER. The Clerk will report the remainder of the resolution.

The Clerk read as follows:

Resolved, That, as a further mark of respect, this House do now adjourn.

The resolution was agreed to.

Accordingly, at 7 o'clock and 4 minutes p.m., the House adjourned until tomorrow, May 31, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, May 31, 10 a.m.)

Continuation of the hearings on the oil bill, H.R. 9676.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 9476. A bill to empower certain members of the Division of Investigation of the Department of Justice to make arrests in certain cases, and for other purposes; with amendment (Rept. No. 1824). Referred to the House Calendar.

Mr. PLUMLEY: Committee on Military Affairs. S. 3457. An act to authorize the Secretary of War to sell or dispose of certian surplus real estate of the War Department; without amendment (Rept. No. 1825). Referred to the Committee of the Whole House on the state of the Union.

Mr. JAMES: Committee on Military Affairs. S. 2130. An act to authorize an appropriation for the purchase of land in Wyoming for use as rifle ranges for the Army of the United States; without amendment (Rept. No. 1826). Referred to the Committee of the Whole House on the state of the Union.

Mr. WEST of Texas: Committee on Immigration and Naturalization. H.R. 9760. A bill to provide for legalizing the residence in the United States of certain classes of aliens; without amendment (Rept. No. 1827). Referred to the House Calendar.

Mr. WEIDEMAN: Committee on Immigration and Naturalization. H.R. 9367. A bill to provide a penalty upon vessels arriving in the United States having on board stowaways; without amendment (Rept. No. 1828). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 3040. An act to give the Supreme Court of the United States authority to make and publish rules in actions at law; without amendment (Rept. No. 1829). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. House Joint Resolution 342. Joint resolution authorizing an appropriation to defray the expense of erecting the completed Navy and Marine Memorial Monument; without amendment (Rept. No. 1830). Referred to the Committee of the Whole House on the state of the Union.

Mr. MITCHELL: Committee on Agriculture. H.R. 9011. A bill to facilitate purchases of forest lands under the act approved March 1, 1911; without amendment (Rept. No. 1831). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2248. An act to protect trade and commerce against interference by violence, threats, coercion, or intimidation; with amendment (Rept. No. 1833). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 6486. A bill to repeal certain provisions of the act of March 4, 1933, and to reenact sections 4 and 5 of the act of March 2, 1929; with amendment (Rept. No. 1834). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 9091. A bill to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty; with amendment (Rept. No. 1835). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MAY: Committee on Military Affairs. S. 792. An act for the relief of Curtis Jett; without amendment (Rept. No. 1823). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BEITER: A bill (H.R. 9799) to provide for the appointment of an additional judge of the District Court of the United States for the Western District of New York; to the Committee on the Judiciary.

By Mr. RANKIN: A bill (H.R. 9800) to compensate widows and children of persons who died while receiving monetary benefits for disabilities incurred in or aggravated by active military or naval service in the World War; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 9801) to amend the Federal Water Power Act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. WALTER: A bill (H.R. 9802) to establish a fish-cultural station at Hamilton Township, Monroe County, Pa.; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. GELLER: A bill (H.R. 9803) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and act amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. MOTT: A bill (H.R. 9804) authorizing a preliminary examination and survey of the Nehalem, Miami, Kilchis, Wilson, Trask, and Tillamook Rivers tributaries to Tillamook Bay in Tillamook County, Oreg., with a view to the controlling of floods; to the Committee on Flood Control.

By Mr. COLLINS of Mississippi: A bill (H.R. 9805) to provide relief to persons owning real property in areas that have been subjected to overflow in the State of Mississippi; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 9806) providing for the cancelation of interest on loans to veterans on their adjusted-service certificates; to the Committee on World War Veterans' Legislation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLLINS of California: A bill (H.R. 9798) to authorize the Secretary of the Interior to issue patent to certain lands in the Colorado River Indian Reservation; to the Committee on Indian Affairs.

By Mr. CALDWELL: A bill (H.R. 9807) to retire Walter L. Rosasco with the rank of second lieutenant, Air Corps, United States Army; to the Committee on Military Affairs.

By Mr. CONNOLLY: A bill (H.R. 9808) for the relief of James Garfield Haney; to the Committee on Naval Affairs.

By Mr. DOCKWEILER: A bill (H.R. 9809) for the relief of Isabell Breault; to the Committee on Claims.

Also, a bill (H.R. 9810) for the relief of William Henry Amlaw; to the Committee on Military Affairs.

By Mr. DIES: A bill (H.R. 9811) granting an increase of pension to Frank E. Sullivan; to the Committee on Pensions.

By Mr. REECE: A bill (H.R. 9812) granting a pension to Ezekiel Smith; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9813) granting a pension to Sallie Smith; to the Committee on Invalid Pensions.

By Mr. McGRATH: Joint resolution (H.J.Res. 361) for the relief of Yee Look; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4848. By Mr. GAVAGAN: Petition concerning House bill 6097, providing higher moral standards for films entering interstate and international commerce; to the Committee on Merchant Marine, Radio, and Fisheries.

4849. By Mr. GIFFORD: Petition of the New Bedford Port Society; to the Committee on Naval Affairs.

4850. By Mr. GOODWIN: Petition of the National-American Wholesale Lumber Association, New York, favoring the immediate passage of Senate bill 3603 and House bill 9620, relating to the national housing act; to the Committee on Banking and Currency.

4851. By Mr. LUNDEEN: Petition of the City Council of the City of Minneapolis, Minn., protesting against the removal of repair work from the Hamline shops of the Western Fruit Co.; to the Committee on Appropriations.

4852. Also, petition of the Corporation of the Church of St. Lawrence, urging the enactment of the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4853. Also, petition of the Northern Lights Chapter of the Izaak Walton League, urging that the Federal Government refrain from the purchase of all tax-delinquent lands from private interests within the border-lake region, chiefly the northwest corner of St. Louis County of the State of Minnesota, and allow such lands to revert to the State under the present laws regulating such lands; to the Committee on Banking and Currency.

4854. Also, petition of the St. Louis County Farmers' Legislative Association, favoring legislation whereby munition makers and bankers would be prevented from furnishing munitions of war in any form to any nation at war with another nation with which we are at peace, and favoring a constitutional amendment to the Federal Constitution which would permit a direct vote of the people before our country engage in any war, except a war of defense against invasion; to the Committee on Foreign Affairs.

4855. By Mr. LINDSAY: Petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing Senate bill 2926 and House bill 8423 as modified and presented to the Senate on May 26, 1934; to the Committee on Labor.

4856. Also, petition of the Peoples National Bank, Brooklyn, N.Y., opposing the passage of House bill 9045; to the Committee on Banking and Currency.

4857. Also, petition of the First National Bank of New Rochelle, N.Y., opposing the Steagall bill (H.R. 9045) and favoring the Fletcher bill (S. 2788); to the Committee on Banking and Currency.

4858. Also, petition of Richey, Brown & Donald, Maspeth, N.Y., opposing consideration of the amended Wagner labor disputes bill at this session of Congress; to the Committee on Labor.

4859. Also, telegram from the Duplan Silk Corporation, New York City, opposing the passage of the Industrial Adjustments Act; to the Committee on Interstate and Foreign Commerce.

4860. By Mr. RUDD: Petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the passage of Senate bill 2926 and House bill 8423 in their present form; to the Committee on Labor.

4861. Also, petition of the Duplan Silk Corporation, New York City, opposing the passage of the Industrial Adjustments Act in its present form; to the Committee on Interstate and Foreign Commerce.

4862. Also, petition of the First National Bank of New Rochelle, N.Y., favoring the passage of the Fletcher bill (S. 2788); to the Committee on Banking and Currency.